


*October, 1960*

Credit Union Day
—page 9

New counseling program
—page 6

THE

# Credit Union Bridge

OFFICIAL PUBLICATION OF THE CREDIT UNION NATIONAL ASSOCIATION, INC.

**ON THE COVER**

**This young lady is a member of a credit union in British Honduras. Her name is Diane Endean. Ten thousand of her fellow countrymen are members of credit unions, out of a total population of 90,000.**

# The Credit Union Bridge


The Credit Union Bridge is published monthly by the Credit Union National Association, Inc., at 404 N. Wesley Avenue, Mt. Morris, Illinois. Address the editorial or business office at P.O. Box 431, Madison 1, Wisconsin.

P.O. Box 800, Hamilton, Ontario

SUBSCRIPTION—$2.00 A YEAR



EXECUTIVE COMMITTEE

Julius Stone, *Pres.* ..... Boston, Mass.
Lauren Plummer, *1st. V. Pres.* ..... Kansas City, Kan.
James W. Grant, Sec. ..... Arlington, Va.
John Helton, *Treasurer* Martinsburg, W.Va.
A. R. Glenn, *Vice Pres.* ..... Nanaimo, B.C.
Gordon Burnham, *Vice Pres.* ..... Halifax, N.S.
Lloyd Mansfield, *Vice Pres.* ..... Yakima, Wash.
Mrs. Mildred Boyd, *Vice Pres.* ..... Fresno, Calif.
H. E. McArthur, *Vice Pres.* ..... Waukegan, Ill.
M. A. Stepherson, Jr., *Vice Pres.* ..... Memphis, Tenn.
John Hiam, *Vice Pres.* ..... Birmingham, Ala.
Curtis Shackelford, *Vice Pres.* ..... Danville, Va.
John Nation, *Vice Pres.* ..... Toledo, Ohio
Elmer Johnson, *Vice Pres.* ..... Providence, R.I.
Rev. J. P. Sullivan, *Vice Pres.* ..... Kingston, Jam.
W. O. Knight, Jr., *ex officio* ..... Sioux Falls, S.D.

STAFF

H. VANCE AUSTIN ..... *Managing Director*
J. ORRIN SHIPE ..... *Asst. Managing Director*
ROBERT INGRAM ..... *Canadian Manager*
JOHN F. BRADY ..... *Comptroller*
RICHARD Y. GILES ..... *Editorial Director and Publisher*
EDWARD R. BRANN ..... *Asst. Editor*

ADVERTISING RATES ON APPLICATION



All subscriptions received before the 12th of the month start with the current issue. Subscriptions received after the 12th start with the next issue. Changes of address can be handled much more expeditiously if the name of the credit union or the code number on the mailing address is included along with the old and new addresses. The Credit Union Bridge would also appreciate it if you would mark all renewal subscriptions with the word "renewal."

Second class postage paid at Mount Morris, Illinois.


Copyright 1960 by the Credit Union National Association, Inc.


Subscription rates are single copies at 21c and yearly subscription at $2.00.

Member of Co-op Editorial Assn.





**Vol. 26** **No. 10**

**October, 1960**


## CONTENTS


Using your bank ..... 1
Growing with the population ..... 4
CUNA counseling program ..... 6
Credit Union Day greetings ..... 9
Desjardins explains credit unions ..... 10
From the managing director ..... 12
In the news ..... 13
Loan officers: another look ..... 14
New opposition to credit unions ..... 17


**COMING SOON**

**Annual meeting tips**

**Consolidation loans**







Starting at the top:
Horace Howell, Pocatello banker, says, "Our bank likes to work with credit unions."
Charles Di Lisio, banker at Raton, New Mexico, is a member of the Raton community credit union.
Manuel A. Garcia, credit union treasurer, says there are five points to explain.

# USING YOUR BANK

***The relationship between a credit union and its bank should be mutually beneficial.***

***Despite opposition to credit unions currently being expressed by a few banking association officials in the United States, this survey shows many credit unions are getting along very well with their bankers.***

Lack of contact is the principal reason for misunderstandings between banks and credit unions, a Bridge study shows.

Bankers who fully understand credit union purposes and operations are usually friendly and cooperative. They recognize the credit unions' value to the community and appreciate them as customers.

Credit unions which have complete knowledge of their banks' facilities often make fuller use of banking services. They also encourage their members to shop for the least expensive credit, and give wholehearted approval whenever a member can save by making a bank loan with loan protection benefit.

Typical of the bankers who like credit unions is Horace Howell, vice president of Idaho Bank and Trust Company, Pocatello, Idaho. Says banker Howell: "I am in favor of credit unions. They are meeting an important need of our economy. They are carrying out their work efficiently, always keeping the best interests of their members in mind. Our bank likes to work with them. They are excellent customers. We take a good deal of pride in the fact that more than twenty credit unions in our area have chosen us to be their banker. We feel that by working with our credit unions we have a share in the very worthwhile self-help work to which credit unions are dedicated."

Another banker, C. W. Fausett, vice president of Boulevard State Bank in Wichita, Kansas, points out that good relations with credit unions are good for the banking business: "Banks have every reason to be interested in cultivating and preserving a friendly relationship with the credit unions in their communities. Credit unions are becoming increasingly important customers, because the cash balances in their checking accounts represent valuable working capital for the local banker. We like these growing cash balances. And we like to work with credit unions—both as depositors and as borrowers."

### All twelve say "excellent"

The size and age of the twelve credit unions interviewed by The Bridge differ substantially. The assets







of the smallest group are $45,000. The largest group has passed the $1.7 million mark. The youngest credit union was organized in 1954. The oldest, a teachers' group, has given its members a quarter century of service.

The fields of membership vary also. Six serve industrial employees; one is a community group; another serves a parish. The remainder are teachers', labor union, and state employees' groups.

All twelve groups have this in common: they report that the relationship with their local bankers is excellent; that their bankers are helpful, friendly and cooperative; and that the representatives of the two financial institutions view each other with mutual esteem and respect.

Here are some of the experiences and arrangements these twelve credit unions report:

• **Boise, Idaho.** Idaho State Employees Credit Union contacted all three Boise banks when it sought a line of credit. All three said that they were interested in having the group's account. "But we wanted the best offer," explains manager Milton C. Jones. "To get it, we sent each bank a letter, explaining that we were willing to transfer our account. And we furnished the banks with our financial statement, the amount of our average bank balance for the past six months, a copy of our charter, as well as a breakdown of our outstanding loan accounts into personal and secured categories. The offers of the banks varied a good deal. We accepted the bid which gave us the most favorable terms."

• **El Dorado, Kansas.** Kaneb Employees Credit Union, with assets of less than $40,000, experienced two turndowns for a loan. It then withdrew its account from a bank which wanted to charge 8 percent interest, deposited cash in another bank and borrowed from the Kansas Central Credit Union. The new banker soon contacted the credit union. "We'll be glad to make loan funds available to you at reasonable rates," he assured the treasurer. Several months later Kaneb asked the new banker for a loan. "Our banker was as good as his word," treasurer Lucille Callaway recalls. "He approved our loan request immediately and charged us only 4½ percent."

• **Lewiston, Idaho.** Potlatch No. 1 Federal Credit Union had a disagreement with its banker concerning special service charges. Another local bank learned about this disagreement and solicited the credit union's account. To make its proposition more attractive, this bank offered to pay one-half of the cost of 25,000 imprinted checks. Potlatch accepted this offer and transferred its account.

• **Missoula, Montana.** "Our banker is referring an increasing number of members to us for loans," reports Robert D. Boespflug, treasurer of Missoula N. P. Federal Credit Union. "Our experience has been somewhat similar," adds Calvin L. Murphy, treasurer of M. S. U. Federal Credit Union. "In addition, we have sent a number of members to our bank when they were in doubt which of the two institutions could provide the least expensive loan service. There were several cases in which the bank was able to make funds available at a more advantageous rate."

• **Paducah, Kentucky.** A local banker phoned Paul L. Moore, treasurer of Paducah ICRR Federal Credit Union: "I have a customer here. I think he and his fellow employees need a credit union. Would you come over to meet him and organize a credit union for his group?"

• **Pocatello, Idaho.** Pocatello Carpenters Federal Credit Union has a standing arrangement with its banker which enables the carpenters' board to guarantee bank loans for members whenever the credit union's cash funds are low. The credit union usually repays these loans to the bank within 90 days.

• **Raton, New Mexico.** The president of the International State Bank is a member of Raton Credit Union, a community group. One of the credit union's board members was recently elected a director of the town's other bank.

• **Richland, Washington,** Cee Kay Federal Credit Union, a parish group, has an arrangement with both local banks for monthly deductions from the checking accounts of Cee Kay members. The banks transfer these amounts into the credit union's bank





Left to right:
Robert Clark thinks chapter meetings make a good contact point.
John G. Hansen recommends luncheon meetings.
Mrs. Patrician Spilman explains the credit service.
Philip J. Longo worked out a deduction program.
Stay away from unrelated activities, warns Paul L. Moore.

accounts via a single monthly check. Cee Kay receives a detailed list from each bank, itemizing the amount to be credited to each individual member's share account.

• **Richland, Washington.** The bank of HAPO Federal Credit union sorts the group's checks in numerical order before returning them to the credit union office once each month. "We use approximately 1,200 checks monthly," comments HAPO manager Philip J. Longo. "This special bank service saves our credit union some 6 to 8 work hours each month."

Under another arrangement with Richland's National Bank of Commerce, HAPO receives each week five night deposit bags. Each night HAPO places one bag into the night depository with the day's receipts. This procedure saves valuable daytime minutes for the credit union and reduces the number of visits during banking hours to a single trip each week.

### Know your banker

There are two essentials for a sound banking relationship, the interviewed treasurers say. Credit unions should have a thorough understanding of their bank's facilities, and they should make it their responsibility to explain credit union purposes and operations to bankers in the community.

These are the principal banking facilities and services:

• **Checking accounts.** Every credit union has at least one checking account. Some maintain several to meet specific needs. Bankers like these accounts because they provide them with valuable working capital. The twelve groups surveyed are maintaining average account balances between $2,000 and $70,000.

But although the size and activity of these accounts vary, they have one factor in common. All are serviced by their bankers without charge. Comments one treasurer: "When we opened our account, we explained to our banker that we considered a free checking account service a fair and modest compensation for the use of our money. He immediately saw our point and readily agreed to our proposition."

• **Commercial loans.** Bank lending facilities are helpful to credit unions for three purposes: lines of credit, long-term loans and payday loans.

Both small and large credit unions are making increasing use of line of credit arrangements. This is simply a standby understanding which enables the credit union to borrow in the event of need at an agreed rate up to a specified amount. When negotiating a line of credit, the credit union usually submits its financial statement, as well as a signed copy of the board minutes authorizing borrowing by the credit union up to a certain maximum upon the signatures of the president and treasurer. Afterwards, the credit union furnishes the bank every three or six months with a copy of its financial statement.

Explains a Western treasurer: "We have been sending a copy of our financial statement semi-annually to our banker for a good many years. We began this practice long before setting up our present line of credit because we thought it would strengthen our banker relations."

Long-term loans vary significantly in cost. Some banks lend to credit unions at the prime rate. Other banks set their rates according to economic conditions, their knowledge of the borrowing credit union, the duration of the loan and the collateral offered.

The Bridge study shows clearly that it pays to shop around for the lowest bank rate available.

Payday loans usually serve special cash needs for a short period. Typical of the payday borrowers is Paducah ICRR Federal Credit Union of Paducah, Kentucky. This group has borrowed from its banker more than fifty times to carry out its semi-monthly check-cashing activities. ICRR usually borrows $20,000 for one day and pays a flat $25 service charge. Says Paul L. Moore, ICRR's treasurer: "Our banker looks upon our credit union's $50,000 payday check-cashing

(*Continued on page 23*)

# GROWING WITH THE POPULATION

ONE way to evaluate the growth of the credit union movement is to look at the membership as a percentage of the total population.

By this yardstick, over the past ten years, growth has been good. In the United States, about 3 persons out of a hundred were credit union members ten years ago, but 6 out of a hundred are members today. In Canada, the figures are better: ten years ago 9 persons out of a hundred were members, but today the proportion is 13 out of a hundred.

Since credit unions are primarily organizations of people, not of dollars, perhaps this is as good a method of measuring growth as any. No doubt it could be refined a bit. You could estimate the percentage of the population who are really membership potential, rather than using the total population. You could estimate the duplications in memberships, which may be substantial. But probably this would not change the trend much. It's clear that membership growth is coming along faster than population growth.

The other thing that is clear is that growth is spotty. Some states and provinces have made much better gains than others during the past decade. Canada as a whole stands well ahead of the United States, with nearly twice as many credit union members, relatively speaking. The high in Canada is found in Quebec, the low in Newfoundland. The high in the United States is found in the District of Columbia, the low in South Carolina.

There are many reasons for this spottiness. Obviously, there are two reasons why the District of Columbia stands so high: a high percentage of the working population in the District are government employees, who have been easy to organize, and many of them live in Virginia and Maryland, making the development of an accurate percentage impossible.

Obviously, also, the ratio of rural to urban population has a big effect on total credit union membership. Generally speaking, urban growth far outstrips rural growth. But it is interesting to notice some exceptions to this — for example, the remarkable growth in Sasketchewan.

Again, it should be acknowledged that the figures, like most statistics, are not entirely accurate. Some leagues report membership figures differently from others. Family memberships are figured differently in different areas. A few leagues simply report rounded thousands. Some state supervisory authorities put little effort into statistical reports. This would create errors that might invalidate minute comparisons.

Quebec is a special case. The credit union movement in North America dates back to the first caisse populaire organized in Levis, Quebec, in 1900; these credit unions organized among French-speaking Canadians have grown fast and figure prominently in the economy of their home province, while reaching substantial size in several other provinces, especially New Brunswick. The French groups are not affiliated with the leagues joined together in CUNA, but have a federation of their own.

Looking at the figures, it's clear that there is a certain momentum operating even in states where there is no league activity. Alaska and Nevada still have no leagues, but the growth of membership has been better percentagewise than some states with well-developed leagues. Delaware and Wyoming, neither of which has had a league long, both show growth. On the other hand, most of the states and provinces showing strong growth are also known for their strong league programs.

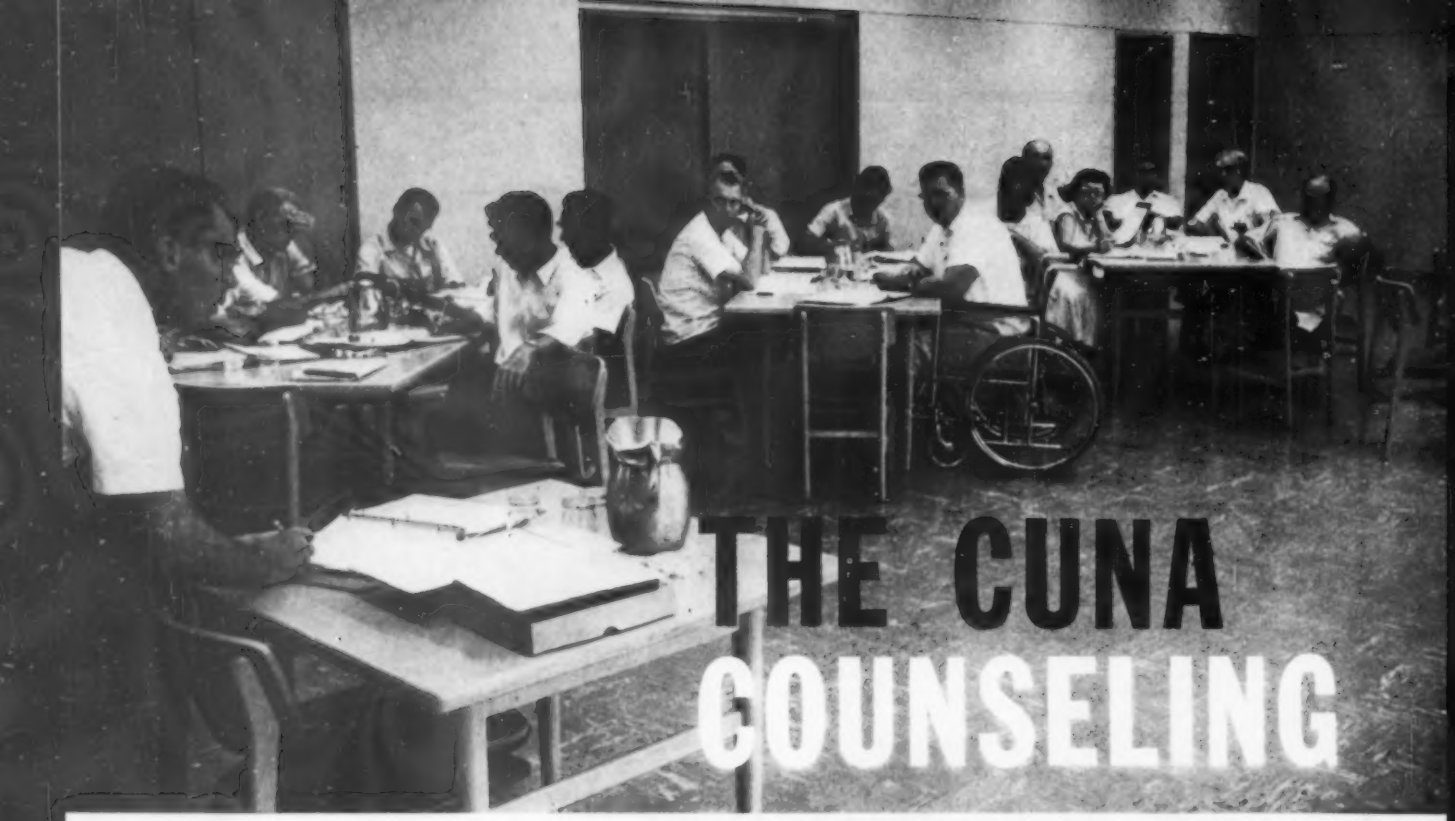
Among the states that have made the most spectacular gains are Hawaii, Rhode Island, Michigan, Utah, Colorado, California and Washington. As the figures on total membership show, some of these were growing from smaller bases, hence were able to show high percentage gains with comparatively small field staffs. Saskatchewan, British Columbia and Ontario show outstanding growth in Canada, although they vary considerably in total population and rural-urban mix.

Total population in the United States and Canada has increased about 20 percent over the decade. Credit union membership has more than doubled. Growth of the credit union movement can also be measured in dollars of assets, or dollars of loans, or in various other ways; however, probably the best yardstick is the relationship of members to population.

# CREDIT UNION MEMBERS
# AS A PERCENTAGE OF TOTAL POPULATION

| Canada | 1960 | 1951 | Total Members 1960 |
|---|---|---|---|
| Quebec | 25.10 | 16.62 | 1,254,586 |
| New Brunswick | 13.52 | 8.86 | 79,766 |
| Saskatchewan | 12.72 | 6.34 | 114,705 |
| British Columbia | 12.32 | 7.53 | 193,579 |
| Prince Edward Is. | 9.27 | 9.93 | 9,453 |
| Manitoba | 9.26 | 4.86 | 81,958 |
| Ontario | 8.43 | 3.80 | 501,998 |
| Nova Scotia | 8.37 | 6.94 | 59,933 |
| Alberta | 5.63 | 3.57 | 70,000 |
| Newfoundland | 0.76 | 0.12 | 3,450 |
| Canadian average | 13.6 | 9.9 | |

| United States | 1960 | 1950 | |
|---|---|---|---|
| D. of Columbia | 30.28 | 14.18 | 226,180 |
| Hawaii | 16.25 | 8.65 | 100,831 |
| Rhode Island | 13.26 | 6.48 | 112,068 |
| Michigan | 10.91 | 3.75 | 850,000 |
| Massachusetts | 10.36 | 7.33 | 530,628 |
| Utah | 10.16 | 3.30 | 90,104 |
| Connecticut | 10.11 | 4.61 | 253,764 |
| Colorado | 9.62 | 3.59 | 166,947 |
| Illinois | 8.82 | 5.38 | 880,000 |
| Wisconsin | 8.76 | 5.64 | 343,917 |
| California | 8.32 | 3.47 | 1,292,000 |
| Washington | 8.18 | 2.72 | 230,871 |
| Alaska | 7.90 | 1.44 | 17,731 |
| Nevada | 7.34 | 1.57 | 20,665 |
| Minnesota | 7.15 | 3.52 | 242,536 |
| Montana | 7.05 | 1.68 | 47,182 |
| Texas | 6.73 | 2.33 | 638,562 |
| Missouri | 6.62 | 3.34 | 285,096 |
| Ohio | 6.60 | 3.80 | 635,632 |
| Maine | 6.02 | 2.11 | 58,000 |
| Florida | 5.96 | 2.59 | 291,421 |
| Arizona | 5.96 | 1.17 | 76,433 |
| Oregon | 5.87 | 1.74 | 103,027 |
| Kansas | 5.68 | 2.34 | 122,754 |
| Louisiana | 5.67 | 2.39 | 182,800 |
| New Mexico | 5.65 | 0.84 | 53,318 |
| Nebraska | 5.57 | 2.10 | 77,942 |
| Pennsylvania | 5.45 | 3.02 | 611,571 |
| New Hampshire | 5.35 | 1.55 | 32,077 |
| Tennessee | 5.20 | 2.26 | 183,780 |
| North Dakota | 5.19 | 2.58 | 32,536 |
| Indiana | 5.14 | 3.74 | 238,265 |
| Alabama | 4.88 | 1.54 | 158,322 |
| Iowa | 4.79 | 2.02 | 131,049 |
| Idaho | 4.75 | 1.20 | 31,490 |
| Oklahoma | 4.69 | 1.45 | 107,784 |
| Wyoming | 4.66 | 1.30 | 15,234 |
| Georgia | 4.60 | 1.88 | 180,000 |
| South Dakota | 4.43 | 1.07 | 30,008 |
| Vermont | 4.39 | 1.18 | 17,000 |
| Maryland | 4.28 | 2.06 | 131,448 |
| New Jersey | 3.90 | 2.97 | 234,800 |
| New York | 3.81 | 2.46 | 631,892 |
| Virginia | 3.40 | 1.35 | 132,442 |
| Arkansas | 2.83 | 0.38 | 50,110 |
| Kentucky | 2.79 | 1.23 | 84,000 |
| Delaware | 2.52 | 1.20 | 11,186 |
| North Carolina | 2.44 | 1.04 | 110,441 |
| Mississippi | 2.31 | 0.46 | 50,054 |
| West Virginia | 2.17 | 0.99 | 40,126 |
| South Carolina | 1.73 | 0.52 | 40,716 |
| U. S. average | 6.2 | | |



# THE CUNA COUNSELING PROGRAM

***More and more, financial counseling is taking its place as the third basic credit union service, alongside credit and thrift. An increasing number of large credit unions are adding trained counselors to their staffs. Small credit unions are assigning the job to volunteer officers.***

***Late last spring, John F. Sullivan left the economics department of Idaho State College to join CUNA's staff as its first specialist in financial counseling. Here he answers a few questions about his program.***



John F. Sullivan

**Q. You joined the CUNA education department on June 1 as a specialist in family financial counseling. What have you been doing in these first few months?**

A. Well, three things. I have visited a number of leagues, chapters and credit unions to find out some of their needs and problems. I've also been visiting a number of national organizations in other fields, to find out what they're doing in neighboring areas and what resources are available from them. Third, I've been outlining a program in this specialized educational field and have started one pilot project. There are really three aspects to this subject, all somewhat specialized, all quite different from what the CUNA educational program has been dealing with so far. For example, there is interviewing technique, budgeting and counseling. Therefore this program has to be handled somewhat differently from the way the CUNA educational program has been handled in the past, because the purposes are different and the topics are specialized, and this is what I am trying now to establish.

**Q. What have you found out in visiting leagues and chapters?**

A. In the first place, of course, there's a great deal of interest in this subject of financial counseling. At present, the man in the league office who normally is going to be most interested is the managing director or the educational director, although I suppose it's possible that as interest grows, the responsibility may be assigned to

another staff man or spread out over chapter officers.

In the second place, I have been struck by the fact that conditions are so different from one league area to another; in New York City you have to set up an educational program differently from the way you would do it in the wide open spaces of Idaho. So I don't know whether any fixed pattern is going to develop out of our pilot projects, or whether each league is going to need its own custom-built program.

**Q. What's your impression of counseling in credit unions so far?**

A. Here you have three categories. The first is the group of credit unions, mostly quite large, that have actually hired people and put them to work as counselors. The second is the group where counseling is handled on a volunteer basis, sometimes by the treasurer, sometimes by some member of the credit committee, sometimes in rotation. The third group would be the group where there is hardly any counseling being done at all.

I don't actually know how many credit unions would fall into each of these categories, but I imagine by far the majority would fall into the second. Most credit unions do some counseling, but not in a very organized way.

**Q. Just what is counseling, anyway? How is it different from a loan interview?**

A. Counseling means, in a very general sort of way, advising people how to get the most for their money. It involves several different techniques, depending partly on what kind of member you're talking about.

Let's take first the member who is really having trouble managing his money and his debts. Maybe 5, maybe 10, percent of members fall into this group. Your loan interview will bring out the fact that there is difficulty here. You ask the member certain questions as you help him fill out his loan application. If you ask the right questions and he gives truthful answers, any trouble he is having will probably show up quickly during this loan interview. Counseling starts when you begin trying to find out what's creating this trouble. This calls for a certain amount of skill in asking questions. Some people just naturally have a lot of talent in getting this information from members, others have to learn it.

In other words, the first step in counseling is digging for information; this is the interview. You are looking for the answer to the question, why is this fellow having trouble? The answer may be almost anything: he's worried about something, his income fluctuates, his wife is an alcoholic, there's been recurrent sickness in the family, he's bought an insurance program that he can't handle, anything like that.

The second step is to identify the problem. When you've done that, you may be able to suggest a solution, or you may not. I want to emphasize that we don't think credit union officers or employees should start treating people for mental illness or handling divorce cases. We are limited in what we can do for people, and should be content to work within our proper limits. Our field is financial assistance. If the basic cause of the problem is one that can't be solved by financial assistance, we should realize it. We should be prepared to suggest the best place to go for help—Alcoholics Anonymous, or a social welfare agency, or Legal Aid, or whatever.

But assuming the cause of the problem is financial, the third step is to suggest solutions. Counseling doesn't mean telling people what to do. It means pointing out to them the possibilities as you see them. There may be three or four different ways the problem can be handled. These should be indicated, and the member should then be invited to make his own decision.

There isn't any sharp line dividing the loan interview from the counseling interview—one may lead into the other. But there is a definite difference in purpose. The loan interview has as its main purpose the collection of data which will show whether the loan is sound as a business proposition. The counseling interview will reveal the true nature of problems that may make a sort of dim appearance in the loan interview.

**Q. What about the member who doesn't have any serious problems in handling his money? Does counseling have any value to him?**

A. There is a close connection in my mind between giving information to the member who is in trouble, and giving information to the member who is managing fairly well. I think it's desirable to have information available for all the members. They all have decisions to make on which it is possible to make a mistake that will cost money—decisions on buying a house, or buying a car, or all the other things that people buy, some of which can be quite tricky or dangerous. It seems to me a credit union ought to have information available, Better Business Bureau reports, consumer guide type of magazines, government reports and so on, so when a member applies for a loan for home repairs you can say, "You'll find some information about that over on the shelf there."

This is not counseling, because it doesn't call for special interview techniques, but I think the two are connected. I think some members will accept one kind of help but not the other, and I think both kinds of advice are needed. Possibly a counseling program leads inevitably into some sort of membership education program on money management and better buying. One major small loan chain does an excellent job publishing consumer booklets of this type, and I believe it's a good program for us.

**Q. What is the pilot program that you referred to earlier?**

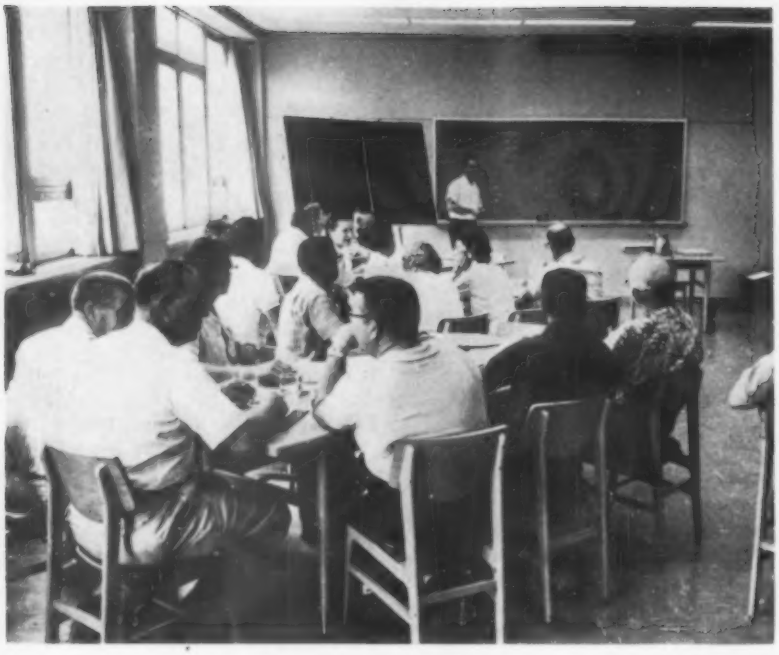
A. This is a program we have set up in Tennessee. We are working with the Tennessee League and the Nashville Chapter to present a forty-hour course in family financial counseling. It includes 20 hours on the technique of interviewing and counseling, 7 hours on budgeting, and 13 hours on related background topics such as interest rates, insurance programs, car buying, home buying and so on. This program may run for as long as a year; however, it hasn't been decided yet whether it will work out best on a monthly or quarterly basis.

**Q. Are any other pilot projects in the works?**

A. Several more are being discussed, but none of them has been buttoned up as yet.

**Q. How far ahead are you committed?**

A. Well, I don't have any free time left until after January 1. Just to give you an idea of the interest in this, my schedule will take me to Minnesota August 19, Tennessee



A league or chapter wishing to start a counseling program should begin with a demonstration day.

August 23, New York August 25, Wisconsin September 1, Pennsylvania September 9, Connecticut September 12, New York September 16, Connecticut September 19, New York September 22, Maryland September 28, Indiana September 30, South Dakota October 7, Tennessee October 13, Georgia October 20, South Dakota November 4, Florida November 6, South Dakota December 2, North Dakota December 4.

Not all of these dates involve work with leagues or chapters, but most of them do. There are several recurring obligations in there already, as you can see.

**Q. Is this a program that's equally useful to small and large credit unions?**

A. It's a question for any credit union, large or small, of making whatever they are doing more effective.

In a large credit union, where men or women can be hired to work at this counseling program eight hours a day, it is natural to expect that these people will reach a high level of proficiency. In the large credit unions with which I am familiar, they are generally doing quite a good job already. Their background is usually strongest on the economic and legal side, but they can still usually use some additional skill in interviewing.

In a small credit union, it becomes a question of doing the best you can with what you've got. The counselor, whether he is the treasurer or somebody else, may well have equally good basic understanding of human beings, but his problem is the pressure on his time. Also, there is often the problem of rotation on the job; the volunteer may serve for a couple of years and then be replaced by another, which means whatever training you do has to be done oftener. Possibly the smaller credit unions will find a way to combine for counseling service, as some have combined for centralized bookkeeping service. But most of them are already doing counseling to the extent that time permits, and our job is to help them all we can.

**Q. A list of do's and don't's for interviewers has been circulated and published through the credit union movement for some time. Is this list one you would recommend to counselors?**

A. Yes, it is fundamentally sound. What we are doing in our 40-hour course in Nashville is to go into the reasons *why you do or don't do* the things on that list. It's really not enough to tell people *what* to do, you have to tell them *why*. Once they have absorbed the why of the subject, they will be doing the job intelligently and can adapt themselves to new problems as they come up.

**Q. What type of materials do you feel that counselors should have available to them?**

A. I feel that it would be desirable to a treasurer, counselor, or any one who is handing out any consumer information to have a small reference library handy. This could include materials which would be useful not only to the counselor for giving him background information but things that would also be useful to hand out materials to the members. What I have in mind is such things as Kiplinger's *Changing Times*, *The Consumer Reports* published by the Consumers Union, many of the free governmental publications on housing, buying, automobiles, budgeting, etc. I hope to have a list of recommended reference material available in the near future.

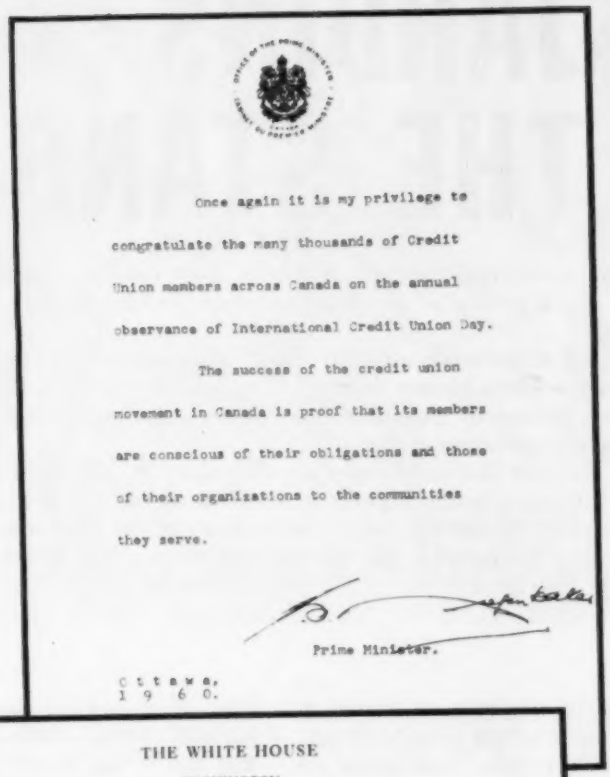
**Q. How does a league or chapter go about setting up a program for training family financial counselors?**

A. They should start by setting up a demonstration day. We will help them with this. A demonstration day is a one-day educational session devoted entirely to the subject of counseling. It's a sample of a full course.

The next step should be to build up a list of resource people or speaker-teachers. We can help with this, too. We will supply specific programs and topics and advise on finding local or nearby people competent to lead the

(*Continued on page* 31)

# GREETINGS ON CREDIT UNION DAY

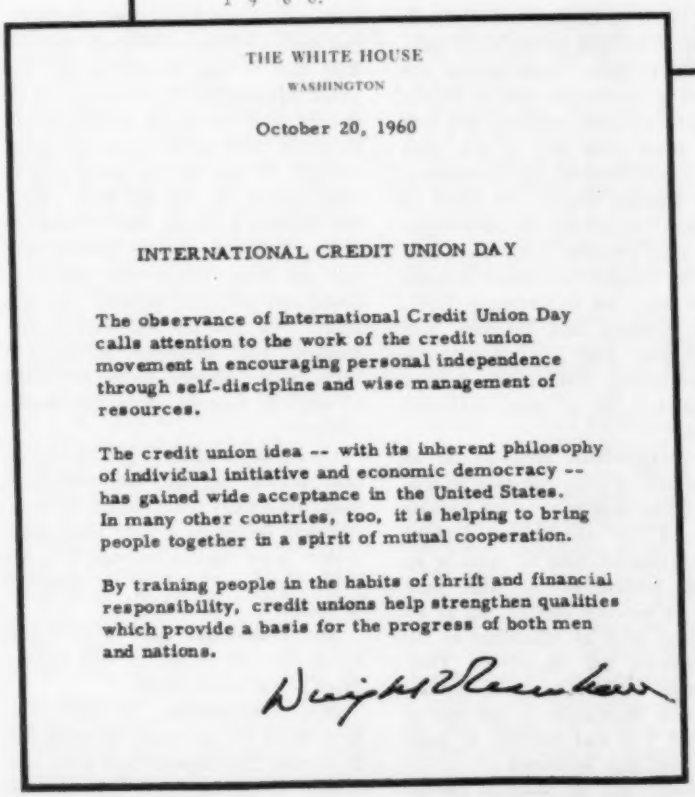


Once again it is my privilege to congratulate the many thousands of Credit Union members across Canada on the annual observance of International Credit Union Day.

The success of the credit union movement in Canada is proof that its members are conscious of their obligations and those of their organizations to the communities they serve.

Prime Minister.

Ottawa,
1960.



THE WHITE HOUSE

WASHINGTON

October 20, 1960

INTERNATIONAL CREDIT UNION DAY

The observance of International Credit Union Day calls attention to the work of the credit union movement in encouraging personal independence through self-discipline and wise management of resources.

The credit union idea -- with its inherent philosophy of individual initiative and economic democracy -- has gained wide acceptance in the United States. In many other countries, too, it is helping to bring people together in a spirit of mutual cooperation.

By training people in the habits of thrift and financial responsibility, credit unions help strengthen qualities which provide a basis for the progress of both men and nations.

Dwight D. Eisenhower

INTERNATIONAL Credit Union Day, which comes the third Thursday in October, this year falls on October 20.

It will be celebrated in hundreds of meetings around the world. Wherever there are credit unions, people will be getting together to commemorate the history of the credit union movement and its "spirit of mutual cooperation," as President Dwight D. Eisenhower expresses it in his friendly message from the White House.

The idea that credit should be made available as a service on the basis of need and in the spirit of mutual aid, is older than the credit union movement. But it was the credit union movement that found a way, some hundred years ago, to put this idea to work.

One hundred years ago, the most significant developments were taking place in Germany. Sixty years ago, the scene had shifted to Canada. Twenty-five years ago, the United States took its turn. Today, who can say where the vital center is, as credit unions spread through South America, Africa and the islands of the Pacific?

# DESJARDINS ON THE STAND

***In 1900, the first credit union in North America was organized in Levis, Quebec, by a group of French Canadians led by Alphonse Desjardins.***

***Desjardins had experimented with this "caisse populaire" or people's bank for six years when he was invited to appear before a committee of the Canadian House of Commons to discuss a bill affecting "industrial and cooperative societies."***

***His discussion with the committee on February 8, 1907, of how a cooperative credit association operates is still interesting. We are indebted to Rosaire Tremblay, chief inspector of the Federation des Caisses Populaires Desjardins, for the volume from which the testimony is excerpted.***

**The Chairman (Mr. Lemieux).** It is moved by Mr. Monk that a report be made to the House that the evidence taken day by day be printed day by day for the use of the Committee. Is it the pleasure of the Committee to adopt this motion?

*The motion was carried. Mr. Alphonse Desjardins, president and manager of La Caisse Populaire de Levis, was called and examined.*

**Mr. Monk.** Mr. Desjardins, do you prefer to give your evidence in English?

**Mr. Desjardins.** Yes, I shall do my best.

**Mr. Monk.** Mr. Desjardins, have you had any occasion to study cooperative societies as they exist in Europe?

**Mr. Desjardins.** Yes, sir, I have been studying that question for the last ten or twelve years. I have devoted much of my time and attention to it, and, moreover, I have had the advantage for the last ten years of having an interchange of correspondence with almost all the leaders of that movement in Europe, in Italy, Germany, Austria, France, Belgium and England. I have thereby gathered a large stock of information which is not even to be had in the books published up to date. Those details are more of a particular nature of the movement in each country, but still at the same time give a fair idea of the possibilities of that movement.

**Mr. Monk.** Would you state to the Committee briefly the advantages which have resulted from the adoption of the cooperative system in some of those countries, in Germany, Italy, France, England and Belgium, and perhaps, also, what kind of cooperative associations exist at the present time particularly in those different countries?

**Mr. Desjardins.** Well, as far as the first part of your question is concerned, I can only give a very general outline of the advantages derived from cooperation. One of them is an essential feature of it. The poor people are thereby brought up to an astonishing level of education as far as economics are concerned. They know what is the nature of capital. They know its relation to the rest of the social life and thereby a good deal of prejudice is abated.

Now when you go down to the details and take, for instance, the banking aspect of the movement you will find that it has taught people the great advantages of economy, thrift, saving, and above all it has taught them the value of the cents, the small savings. If you ask the poor man to save money, he will tell you: "Well, my friend, I would but I have no money." When you go further and you ask him, "Have you not cents sometimes in your pocket," he will reply, "Of course, but that is not money," and, therefore, having but cents in his pockets he never thinks of saving, because it is not worth while.

On the other hand, if you teach him that saving can be exercised with great advantage upon those few cents, you will create in a very short time a very large capital, because it is not units that count here but the quantity of units.

**Mr. Bourassa.** And if they find a use for the cents, it will induce them to put more aside?

**Mr. Desjardins.** Exactly. The first move is the most difficult one to secure. The moment you have succeeded in convincing a man that he



Alphonse Desjardins, a Canadian legislative reporter, brought the credit union principle to North America, after years of studying European models in Germany and Italy. He helped write two of the first credit union laws passed in the United States—Massachusetts and New York.

must put something aside, he says, "That is a dollar, I never thought I could save so much"; then two dollars and then five dollars, and so on.

**Chairman.** You spoke of saving. What is the difference between penny banks and banks under your system?

**Mr. Desjardins.** Well, the penny banks do not go in for the same class of loans. Of course, the penny bank does not usually exist except in some large center or large town. . . . In the penny bank the administration is carried out by a certain number of gentlemen and the depositors have no control, but in the cooperative bank all have an interest and have the advantage of knowing what is the situation. . . .

**Chairman.** I think . . . it is now time for Mr. Desjardins to explain the features of his system. You might state how you organize it, on what basis it is organized, and what are the principles of the organization?

**Mr. Desjardins.** I was just going to complete my answer so far as the second part of the question was concerned, that is the employment of these funds by a cooperative credit society. Anyone in the association who is in need of money can go to the society with the usual security, not very exacting in these cases, and obtain a loan.

**Mr. Smith.** He can get a loan equal to his deposits?

**Mr. Desjardins.** More than that. The credit of the man is based upon his honesty. That is a startling principle, I suppose, in finance. But we have made the experiment successfully.

**Chairman.** How do you make the selection of the honest borrower?

**Mr. Desjardins.** Well, first of all, the society is not like a joint stock company in which a man buys a share and has all the rights of a shareholder. In these associations, a man cannot be a shareholder until he has first been admitted by ballot, and so we know something of him beforehand and whether he is honest or not. We will take him on his present honesty, or what may be described as his promise of future honesty. If he is admitted on his future honesty, of course it will take some time before he can come for a loan. The first choice or election is a guarantee, and we know each other the more so because the association only covers a small area, a small district where everyone is known, and it is strange how far we are known to each other.

**Chairman.** When a man comes for a loan, it is a question for the committee who supervise these loans to see that it is not granted unless every possible information has been obtained, and if the information is not satisfactory then no loan is made?

**Mr. Desjardins.** Yes, but as I said just now, we know each other pretty well.

**Mr. Bourassa.** The whole basis of the safety of making these loans is the limitation of the territory covered by the association?

**Mr. Desjardins.** Certainly, to a large extent. . . .

**Mr. Monk . . .** You have been connected with only one kind of these associations, and have made a trial and experiment on that particular method. Perhaps . . . you will tell how it works in practice?

**Mr. Desjardins.** As I said just now, while the principle of cooperation is a very good one, in a new country like Canada it might not work so well as in an old country or in other countries in Europe, and to make the experiment complete and make myself sure of it I resolved to start one of these cooperative credit associations.

**Chairman.** Where?

**Mr. Desjardins.** At Levis.

**Chairman.** What would be the population of Levis?

**Mr. Desjardins.** About 7,000. We included a rural part in order to have the experiment among the rural as well as among the urban people.

**Mr. Monk.** Do you mean you took in the suburbs?

**Mr. Desjardins.** The outside parishes formed part years ago of

the old parish, but these were exclusively rural, so we had a fair ground for experiment among both kinds of population, urban as well as rural. . . .

**Chairman.** What is the nature of the population at Levis; is it industrial?

**Mr. Desjardins.** Railways form the main industry there, and then we have two or three foundries or machine or other shops, and a large shoe factory. There are many laborers working at the port and elsewhere.

**Mr. Sinclair.** What is your experience as to the stability of these savings banks? It seems one of the greatest difficulties in my mind to make them safe. I have known a few of them in Nova Scotia, and invariably they have gone to pieces in a few years by bad management. That is small savings banks in little towns that were started under some special local Act, a special Act, by which some few men were permitted to start a small saving bank.

**Mr. Bourassa.** But was it on the cooperative basis that nobody could make any transaction in the matter of credit with the bank unless he was a shareholder of the association?

**Mr. Sinclair.** No, I do not think so.

**Mr. Bourassa.** You see that is the basic difference, that nobody can transact banking unless he is a member of the association, and then it is limited as to area.

**Chairman.** And the transaction is always supervised by a committee.

**Mr. Desjardins.** We started with about fifty spirited citizens. Of course, we had no law whatever. It was upon the voluntary system. We, of course, adopted by-laws. . . . We adopted those by-laws, which were genuine cooperative by-laws, and we began business. We organized on the 6th December, 1900, and we started to collect a few cents. By the 25th January following, our first semi-monthly statement showed an asset of $242. . . .

We had to create a capital. In doing so we had to conform to the wishes of those who were called upon to furnish the capital, as we addressed ourselves to very poor folks. We had to offer them what I call the variable capital or capital withdrawable at any time. If you go to a poor man and say, "You put a dollar there and you will never see it again unless you sell your share and go about in the street

(*Continued on page* 26)

## FROM THE MANAGING DIRECTOR:



### Credit Unions— Friendly Contacts

"IT is rather significant that when leaders of our credit union movement visit South America, they are welcomed with open arms. In fact, it seems that credit union people are one of the few genuinely-friendly contacts we have with our Latin American neighbors."

That is taken from the syndicated column of Charles V. Neal, Jr. who writes a family financial counselor column entitled "Dollars and Sense", appearing in many big daily newspapers across the land.

Mr. Neal goes on to say:

"No doubt this is because the contacts are with people of modest means, and with those most dedicated to improvement of the conditions of poverty-stricken masses. Our diplomats would do well to remember this if they are concerned about our popularity in South America."

### Developing peoples want to help themselves

Your World Extension Department—your credit union missionary arm—doesn't take your *money* into these developing countries. It just takes this "do-it-yourself" technique in group finance to those people who are so anxious to do things for themselves! And they are grateful; not only in Latin America, but in Africa, in Asia and every place where people are seeking ways to lift themselves.

### Leadership training is a fringe benefit

The late Father Coady said a credit union was an idea with handles on it. People could pick it up and use it! It is a simple idea and people do not need great formal training to begin to use it. But by beginning to use it, people are training themselves in leadership for the credit union development and generally for leadership in all community and business activities. And leadership right at home in native peoples is what is needed most in the developing areas of the world. The credit union movement helps that development, too!

**H. Vance Austin**

# *in the NEWS*



**Much activity** in the leagues. **South Carolina** has raised its dues rate and is looking for a full-time managing director. Credit unions in **Newfoundland** are talking about setting up a league. **Robert E. Johnston** has been named managing director in the District of Columbia. **Richard E. Franzen,** leaving the Utah League, has become managing director in Arizona. **David L. Bryan** has resigned as managing director in Montana; he will become manager of the credit union at Malmstrom Air Base. **James C. Davis** has resigned as managing director in Arkansas. Utah has named **J. Paul White** as assistant managing director. **New Mexico** is looking for an assistant managing director.

The memory of **Edward A. Filene** was honored in the United States Senate last month when the two Senators, Kennedy (Dem.) and Saltonstall (Rep.), issued a joint statement calling attention to the fact that September was Filene centennial month.

Organization of **new credit unions** in July continued to top last year's totals. There were 124 new credit unions organized in July, and the 1960 total so far is 982, compared with 822 for the first seven months of 1959.

**Hubert Rhodes** officially retired as director of the CUNA Washington office on September 1. Rhodes has been ill for some time. He will be honored during the February quarterly meeting which is scheduled in Washington next year.

**The Michigan League** has set up a series of four courses for new credit union employees; it is estimated that 1,000 people work as full-time employees of Michigan credit unions. **The Ontario League** has laid the cornerstone of its new building and held opening ceremonies; 25 chapters in the province placed advertising in local newspapers in connection with the event. **The Illinois League** has begun work on its new building; it has also launched a survey to find out operating details of all credit unions over half a million in assets.

**CUNA Mutual** Insurance Society will move into its new building September 30. The building was dedicated in May. A portrait of Roy F. Bergengren has been commissioned by CUNA and CUNA Supply to be presented to CUNA Mutual for display in the new building's entrance.

First National City Bank has established the first **in-plant** banking service in the metropolitan New York area; participating companies may send in one check to cover the entire employee payroll, or deductions from individuals' checks. The Bank of America has now set up **in-plant** programs in 1,295 plants with 332,706 employees, according to a recent newspaper report. The nation's three largest **credit card** operators—Diner's Club, American Express and Carte Blanche—all lost money last year, according to Business Week.

Montreal policeman **Gilles Dion,** in his credit union office while off duty and out of uniform, was cashing a check for hospital expenses when four armed bandits tried to hold the place up. Dion killed one of the four and captured another. . . . In Des Moines, **safe-crackers** succeeded in getting away with $35,000 in cash and government bonds from the Des Moines Municipal Credit Union. The loss was covered by the 576 blanket bond.

The first credit union has been organized on the island of **Bonaire** in the Windward group, Netherlands Antilles; it is called Birgen di Coromoto Credit Union. The **New South Wales** Credit Union League appeared before a government committee September 21 to ask for amendments to the income tax laws. Credit unions in the **Philippines** are organizing a new league, replacing two older leagues which had failed to function. Nationally syndicated newspaper columnist **Charles V. Neal, Jr.** (Dollars and Sense), praised the international program of the credit union movement in a recent article. The **Pennsylvania League** has contributed a $500 check for assistance to the Peruvian and Fiji leagues.

A separate credit union division has been set up in the **New Mexico** banking department to improve examinations. Chicago officials are concerned about rising **personal bankruptcies;** due mostly to consumer credit abuses. More than 12,000 bankruptcies are being filed each year in this city—three times as many as in New York. Banks cut the **prime rate** to 4½ percent last month, after holding it at 5 percent for a year. Economists are forgetting their fears of inflation and beginning to worry about deflation.

**The Chrysler Corporation** has granted payroll deduction to credit unions serving its employees; it is the last of the big auto companies to do so.







# NEW LOOK

***The appointment of loan officers is now permitted under several credit union laws, including the federal act. More credit unions seem to be using loan officers than a year ago; experience is building up; and most of it has been good, as this survey shows.***

SMALL and large credit unions are appointing loan officers in growing numbers, a recent survey by The Bridge shows.

There are three chief reasons for the rapidly increasing use of loan officers in both state and federal chartered credit unions: speedier loan service, shorter credit committee meetings and better credit committee work.

• **Speedier loan service**—Members no longer need to wait several days or even a week to get their loan checks. Most groups with loan officers give one-day service. Many issue checks immediately while the borrower is waiting, saving the member the time and expense of a second trip to the credit union office.

• **Shorter credit committee meetings**—Credit committee members are relieved of much routine work, often save substantial amounts of time, do not have to be available during night and day to approve emergency loans, and can go on vacation without worrying about the possible disruption of loan service (if



Starting from the left:

Mrs. Wyla Pinkerton says credit committee meeting time has been cut to about half.
Charles F. Kincaid says the quicker loan service led to better growth.
Herbert B. Stucky believes the credit committee is doing a better job, thus bringing down delinquencies.
Mrs. Lucille Callaway points out the credit committee has become more representative.

# AT LOAN OFFICERS

one of the remaining committee members should become ill).

• **Better credit committee work** —Credit committeemen do a more thorough job of considering, discussing counseling problem cases, a majority of the surveyed groups report. That's why some committees spend about as much time on loan approvals as they did before appointing their loan officer. But they are now able to give their undivided attention to all large applications.

### Lower delinquencies

Four of the six credit unions participating in this survey, report that the percentage of their delinquent loan amounts has gone down since they appointed their loan officers. The fifth group recently suffered a substantial curtailment in employment, which has produced a slight increase in delinquencies, from 1.1 to 1.2 percent. The sixth group dropped its loan officer service after three years of experimentation when it discovered that delinquencies had climbed to nearly 9 percent.

Comments Herbert B. Stucky, assistant treasurer of Wichita City Teachers Credit Union in Wichita. Kansas: "When we appointed our loan officer a year ago, 2.07 percent of our outstanding loan amounts were behind contract for two months or more. By the end of June, 1960, these delinquencies had gone down to 1.79 percent. Much of the credit for this improvement should go to our credit committee. I think that the committee is doing better work on the questionable loans since our loan officer service has been in effect. It investigates and considers these loans today more thoroughly. It has more time for this since it has been relieved of the burden of examining so-called 'routine' loans, about which there is no doubt but which nevertheless take time.

"In my estimate, the committee has today better control over the lending of our credit union's money than it did formerly. Before we had a loan officer, the committee simply leafed through and signed all loans which the assistant treasurer had designated as non-problematical. Now the committee can examine the loan officer's summary at a single glance. And because the committee takes a careful look at this summary sheet, it actually sees and supervises more than it did previously."

Loan-share ratios improved at four of the interviewed groups since loan officers were appointed. These improvements vary between 1.35 and 8.43 percentage points. At the other two credit unions the loan share ratios dropped—1.75 percent and 4.11 percent. Loan-share ratios of five of the participating groups varied between 98.8 percent and 123.4 percent. The sixth group's ratio was 44 percent.

Here are the individual loan officer experiences of the six credit unions which were interviewed by The Bridge:

• **St. Louis Teachers** Credit Union, St. Louis, Missouri. Organized in 1943, this group's assets had reached $691,333.71 in May, 1956, when it appointed its bookkeeper to serve as loan officer. Subject to the counter-signature of a fellow employee and the rules of procedure established by the





Walter Goering, left, says his loan officer approves about 40 percent of loans. Robert P. Harrison, right, personally approves about 300 loans a month.

credit committee, the loan officer was given authority to approve loans up to $1,500.

Throughout the three years following his appointment, the group's loan officer approved some 150 loans monthly. These approvals covered approximately 90 percent of the credit union's total number of loans and 75 percent of the total loan amounts granted. Some 60 percent of these loans were collateral loans for more than $500. During this three-year period, the group's assets more than doubled every two years.

But in 1959, St. Louis Teachers stopped using its loan officer. The board had become alarmed when it noted that delinquencies had risen to nearly 9 percent of outstanding loan amounts.

Explains Charles F. Kincaid, the group's treasurer since 1944, "During the years in which we had a loan officer, our growth was substantially influenced by the quicker loan service which we were able to give to our members. Since discontinuing our loan officer in February, 1959, we have stopped growing at our previous rate. But this change in our growth rate is not directly related to dropping our loan officer. It is rather in part the result of a change in the economic condition of our area.

"We stopped using a loan officer because our board felt that too many marginal loans had been approved through him and that he had not exercised sufficient care in ascertaining the financial circumstances of many members with doubtful employment status. Our delinquencies had climbed to a point at which the board grew alarmed and concerned about the prospective solvency of our credit union.

"Instead of changing the loan officer, our board chose to change our entire loan approval system. It recommended to the membership that it elect a credit committee whose members agree to spend weekly 10 or more hours at committee duties. Today two of our credit committeemen spend at least six hours daily at the credit union. The committee spends a total of some 30 hours each week at its duties. About half of this time is spent in counseling with members. The other fifteen hours are used for examining applications and collateral. We are now paying our committeemen for their counseling duties at an hourly rate."

Treasurer Kincaid considers the loan officer as the ideal solution for all credit unions who have no other means of giving quick approval to loan requests. He believes that his credit union's present method of operation has all the elements of speed which are inherent in the loan officer operation. Ultimately, he believes St. Louis Teachers Credit Union will again activate its loan officer by-law because, as Charley Kincaid says: "There just isn't a quicker and more efficient way of handling loan approvals at any hour of the day."

• **Cessna Employees** Credit Union, Wichita, Kansas. This group appointed its full-time manager as loan officer late in 1959, authorizing him to approve unsecured loans up to $300 and unlimited amounts secured by unpledged shares. At that time the credit union had $780,641 in assets and had completed eighteen years of service to the employees of Cessna Aircraft Company.

Manager Robert P. Harrison approves some 300 loans each month. In both amounts and numbers, these loans represent more than 90 percent of the group's monthly total.

Harrison sees very little relationship between his group's growth and its loan officer service. Says he, "As loan officer I am able to speed up our loan service considerably. Our members like the fast service which we are now able to give. And our credit committee appreciates the time it saves thanks to our loan officer by-law."

Before appointing its loan officer, Cessna's credit committeemen spent two hours weekly on loan approvals. Today this time is reduced to 30 minutes. Comments Ogle French, who

(*Continued on page* 21)



Julius Stone, now serving his second term as president of the Credit Union National Association, is a Boston attorney.

# THE NEW OPPOSITION TO CREDIT UNIONS

***New opposition to credit unions has been expressing itself in the last two or three years in several forms.***

***On the legislative front and in articles and editorials in the financial press, the view has been increasingly presented that credit unions should not be permitted to expand any further.***

***This view, stated mainly by a few banking association officers, will apparently make it necessary for the credit union movement to intensify its public relations, legislative and organization programs.***

***To discuss this, managing directors of 53 credit union leagues met in Chicago last month. The opening message from CUNA president Julius Stone is here reproduced:***

IT is always a little difficult to recognize a new situation when it has just begun to develop.

However, there are now enough warning signals around us so that it is time for us to sit down together and evaluate what seems to be a great change in the environment in which credit unions operate.

To be specific, two things are happening that are going to affect the future of the credit union movement. There is an outburst of propaganda against credit unions, stimulated, so far as we can see, by a small group of officials in bankers associations. There is also a growing development of bank services that are designed to compete with credit union services; the latest of this is a plan by which an employer sends one check to the bank to cover the pay of all participating employees, and the bank handles the deductions from each paycheck following employer and employee instructions.

In other words, we face two kinds of problem, one in the area of public relations and legislation, the other in the area of competition. Add the two together and you can say, we are being pushed into a kind of competitive struggle which we have never sought, which we have always tried to avoid, for which we are not very well prepared either psychologically or financially, and which is apparently something we will have to live with for an indefinite period. It is time that we worked out our plans for meeting this problem.

First of all, it seems to me that we have to agree on our ground rules. I think we should make it clear that the organized credit union movement is a voluntary federation, in which the power to make decisions on matters of policy is very firmly lodged at the grass roots. The leagues are instruments of the local credit unions, and the Credit Union National Association is an instrument of the leagues. It is the responsibility of the Credit Union National Association to call such matters as this to the attention of the leagues, and to promote discussion, and to carry out the decisions that are made. In the same way, it is the responsibility of the leagues to get decisions from the grass roots and carry

them out. Every new major decision we make has to be accompanied by an educational process, and I think we all agree on this procedure. I hope it is clear that the Credit Union National Association does not intend to take the ball and run with it before the rest of the team is out of the locker room. This is a problem that affects us all in various ways, and we have got to approach it with understanding and preparation and teamwork. In the long run, in the legislative area, it may be that this problem will make more trouble for the leagues than it will for the national association, and I think our program will have to face up to this possibility.

It is not easy in a movement like ours to adjust to a new situation. I am sure there are many of you who have not yet felt the effects of this situation in your own league areas, and you may still feel rather skeptical about whether it is really as big and important as we say it is. Others of you, of course, have run into clear and unmistakeable evidence in your league areas —legislative roadblocks, anticredit union speeches and newspaper articles, and other such things. The people in our credit unions have for the most part had less exposure to this problem than we have, and we must get the story to them in a calm and constructive atmosphere. This will not be easy, although it seems to me that if we do it right, the result will be a more united and a more spirited credit union movement.

It is equally important, of course, that we should not exaggerate this problem and that we should not underestimate it. We have the resources to cope with it, but we should be careful not to use methods that are feeble or hysterical. We cannot solve the problem by burying our heads in the sand, or by firing off shotguns in all directions.

What, exactly, is happening? Let's take a look at the record.

The American Bankers Association now has a credit union committee, which is doing several things:

1. It is sending out material encouraging commerical banks to develop on-the-job banking services. This is well-planned and openly announced as a program for overcoming the competition of credit unions. A 36-page report on on-the-job banking service says this: "banking must find new ways of seeking out its potential customers and of making its services available to them . . . A case in point is the current interest in the methods now used by a limited number of banks to make deposit and loan services available to individuals at their place of employment . . . The market for financial services to individuals has become the most competitive, perhaps, of all financial markets. Not only are banks in keen competition with each other in this market, but various other types of financial institutions, notably savings and loan associations and credit unions, have gained increasing shares of this market. The opportunities open to banks in this field cannot be realized without considerable competitive effort. On-the-job service has considerable promise as a way in which banks can give new dimensions to their financial service to individuals . . ."

There are a variety of on-the-job services described in this study by the American Bankers Association, and it is clear that such services are still pretty much on an experimental basis. I think we might note in passing, however, that while most of the complaints made in speeches by officials of bankers' associations seem to be about community credit unions and growth of credit unions in rural areas, these on-the-job banking services are not designed to serve rural people, but industrial workers and office workers.

2. The American Bankers Association, its officers and the officers of some of the state bankers associations, are issuing statements and making speeches of an alarmist nature about credit unions. These statements and speeches vary a good deal in character. Some of them sound very mild and reasonable; others can only be called demagogic; however, all of them seem to have much the same aim of creating a feeling among bankers that credit unions are a threat to the commercial banking system.

Sometimes the idea that credit unions are some kind of threat is raised as a question, as a remote possibility. For example, Mr. Lee P. Miller, who was president of the ABA in 1959 put it this way: "Credit unions are becoming a significant factor in the financial system but their development has gone unnoticed by many bankers, while others have attached little or no importance to it. Banking should properly be concerned with what is taking place, so that the impact on banking and on the public interest can be evaluated realistically."

On the other hand, Mr. Carl E. Bahmeier, Jr., who is now executive secretary of the California Bankers Association, says things like this: "One cannot escape or evade the ultimate and disturbing conclusion that our attainment of victory in our competitive struggle with credit unions lies not in legislation directed towards controlling their chartering and activities, helpful as that might be, but that we shall win or lose the battle in a direct ratio to how quickly and completely we offer the American citizenry a well-rounded field of financial services." Mr. Bahmeier likes to talk about this situation as if it were a war, in which somebody is going to win and somebody else is going to be wiped out. This is far from the spirit of the basic statement of the ABA on credit unions, which says credit unions are a good thing in their proper place; Mr. Bahmeier does not concede that credit unions have any proper place. In other words, our opposition does not share one clear point of view.

3. The third aspect of this problem is the legislative aspect. Last year the American Bankers Association opposed our amendments to the Federal Credit Union Act, although its opposition was not vigorous on most of the amendments. You in your state legislatures have seen opposition developing over the past several years, and some of you had real problems last year. There is a uniform pattern of opposition to liberalizing loan limits; there is also a growing pattern of restrictive legislation such as franchise taxes. We in Massachusetts have had some experience recently with a piece of legislation under the title of deposit insurance, which is actually not a deposit insurance bill at all but a bill to make it easier to close up small credit unions.

Apparently our success last year with federal legislation has been something of a shock to bankers' associations. The pattern of opposition was appearing before our bill was passed, but the passage of our amendments has led to increased activity and an increase in anti-credit union speeches. Mr. Bahmeier, as we have noticed, now says the bankers cannot defeat credit unions in the legislative area, and I hope he is right, but it is quite

obvious that this does not mean they will not try.

It seems to me we have to clarify in our minds a number of rather difficult issues before we can cope with this problem adequately. A number of questions have been injected into this controversy, and they are all important. On some of them, the opposition seems to be confused, and apparently want to be confused. We have pointed out to them repeatedly that they are mistaken in some of the statements they make; they even occasionally use seriously inaccurate figures, but we have not succeeded in getting these misstatements corrected. In other words, this is one of those conflicts in which we have to deal with a rather aggressive vocal minority. They have had quite a few fights in the financial world in the last few years. The commercial bankers have fought with the savings and loan associations and failed to gain anything by it; they have fought with the mutual savings banks and only succeeded in getting a lot of bad publicity; and now apparently they want to fight with us. I say *they*, but of course *they* simply means a small group of bankers and officials who have succeeded in getting a committee set up and are able to get themselves invited to appear as speakers at various banker meetings. This is not the banking industry that is attacking us; it is a small group, and no doubt most people in the banking world are rather puzzled by it all. They must be as puzzled as we are when statements are made that credit unions are likely to be a bigger thing than savings and loan associations by the end of the next decade. However, we cannot assume that they will not be alarmed by such statements; the less they know about credit unions, the more they will be affected by irresponsible statements.

Among the irresponsible statements which are being made are these:

- Credit unions are receiving unfair subsidies.
- Credit unions get unfair tax treatment.
- Credit unions are trying to develop a third banking system through the chartering of central credit unions.
- Credit unions are trying to get charters that will permit them to serve the general public.
- Credit unions are growing fastest in rural areas.
- Credit unions are often badly managed and endanger their members' savings.
- Credit unions are socialistic.
- Credit unions are unfair competition.

These are the charges that we are going to have to answer in straight forward fashion in our relationship with members, employers, government and the public. I think we all know the answers already, but I think perhaps we should review them a bit here.

On the matter of subsidies, I think we all agree that the most significant subsidy in all credit unions is the free time donated by the officers and committeemen. This is the subsidy that matters. And it is not provided by the sponsoring organization. It accounts for the low overhead and the low rate on small loans. When employers contribute space or other services to the credit union, they usually do so because they feel the credit union makes a contribution to employee morale and saves the employer money in various ways. However, we know very well that a credit union does not need free space or any other assistance from the employer. Many employee credit unions have moved into their own buildings and do better on a completely self-supporting basis. At the same time, I think we all agree that there are a few credit unions where the employer does too much for the credit union. We object to this as much as any banker does. We do not want credit unions to make great demands on employers; we believe credit unions should stand on their own feet. We have all told employers this many times, and we will continue to do so. The subsidy issue, as it is being used against us, is without substance.

Now with regard to taxes, it is not true that we pay no taxes. We pay property taxes, franchise taxes, and many other taxes. We have the same exemption from income taxes that other non-profit membership organizations have, and as long as we do not do business with the general public, we are entitled to this tax exemption. If there is any merit to the argument that we should pay income taxes, then it follows that we should be allowed to do business with the general public. It is certainly misleading to say that credit unions should pay income taxes but restrict themselves to their own membership.

As for this issue of central credit unions and a so-called third banking system, this has never been stated in such a way that it could be understood. To say that our proposals for central credit unions are equivalent to setting up a new Federal Reserve System is simply ridiculous. We have had central credit unions for many years in many of our states; they do not perform any of the functions of the Federal Reserve Banks. The concept of a central credit union that most credit union people have is one of an agency to make interlending between credit unions easier. Nobody, so far as I know, has ever challenged the propriety of interlending between credit unions, and I can see no basis for statements that a better method of interlending would constitute a third banking system. However, it is also true that the credit union movement has never been quite clear about how it wants its central credit unions to operate. We have introduced several different kinds of bills in Washington; and I think we can expect militant opposition when the movement's thinking crystalizes on any kind of central legislative request.

The question of chartering is one on which many misleading statements are being made. It is being said that an increasing number of applications are being made for very loose charters, serving groups with little or no common bond. There is no truth in this. The trend is exactly the other way. Many years ago it was common for community and so-called open charter groups to be set up in large cities; many of these old-time credit unions are still operating in cities like Boston and New York. But in modern times very few such charters have been granted, or even applied for. I think we all agree that where a credit union is tempted to ignore the common bond concept, as may happen occasionally, we should resist it; on the other hand, we must be prepared to show that occasionally there is a real common bond in a group scattered over a county or a state. The common bond is psychological as well as geographical, and has to be evaluated both ways.

The statement that credit unions are growing faster in rural areas than in urban areas need not be taken seriously. We all know it isn't true. Apparently it has been made for the sake of alarming rural bankers, and it simply shows how inaccurate our

opponents are willing to be at times.

The statement that credit unions are often badly managed and endanger their members' savings requires a more thoughtful answer. Are credit unions often badly managed? Your answer depends partly on what is meant by bad management, and what is meant by often. Most credit unions are managed by amateurs, and amateurs sometimes fail to do as much as they should, but this usually means simply that the credit union does not grow as it should. Very rarely does it mean that the members lose any money. Those few cases in which members have lost money have been mostly cases of dishonesty.

We have set up several excellent programs to protect members' savings, and I think we can be proud of the progress we have made in recent years. Our bonding program now provides adequate protection against dishonesty in the great majority of credit unions. Our stabilization program is providing protection in a growing number of states against losses due to plant closings and other similar problems. Our educational program in auditing has had a considerable effect in the last few years. Our campaign for better examinations has borne fruit in many areas. Meanwhile, on the matter of credit union management, our training program has been making great strides.

Yet this question is the kind that is very difficult to answer. If you said that too many banks are badly managed, it would be true in some sense. It would be true if only one bank were badly managed. All you can do to answer such a charge is to keep striving for improvement and explain to the public what you are doing. The credit union record will bear comparison with any other type of financial institution.

The charge that credit unions are socialistic is not being made seriously, I am sure. Everybody knows that socialism means government ownership. The post office may be socialistic in some sense, the public schools may be socialistic, but there are no credit unions that are owned by the government. Credit unions are owned by their members, just as country clubs are owned by their members, and I do not think we have to struggle very hard with this issue.

We come, then, finally, to the very broad statement that credit unions are unfair competition. How can we discuss such a charge?

In the first place, if anybody is competing with anybody, it seems to me the banks are competing with us. We began organizing credit unions to provide small loans for working people back in 1909. Most commercial banks avoided this kind of business until 1946. Is it proper for them to say at this point that we should abandon the field to them? We, and the licensed small loan companies, the sales finance companies, the so-called Morris Plan banks, the Singer Sewing Machine Company and so on developed this field of consumer credit. The commercial banks were the last ones to get into it. If any bankers really think they now have some sort of monopoly rights, then they are being very shortsighted—but I do not believe many of them think this way.

But competition is a complicated and puzzling thing. It is not always possible to tell when competition exists and when it doesn't. To us in the credit union movement, competition has been a dirty word. We do not want to compete with anybody; we do not believe in setting our rates at a certain level because some commercial organization down the street has set its rates at that level. It would be possible in some credit unions to slash interest rates sharply, but we have never recommended that. Some credit unions have paid high dividends on savings, but we have always opposed that. We have always told ourselves that the important thing is to give our members service, and we have never interpreted service to mean a difference of a couple of percentage points on interest or in dividends. Service, to us, has always meant making the loan that nobody else would make, or helping the fellow to save who has never saved before.

It is possible for two financial institutions to stand next door to each other and not be in competition at all, because they are making their loans on different bases. On the other hand, perhaps competition has changed; perhaps today it is more a question of where does a person go first for a loan, and where does he go last? It may well be true that some people are in debt simultaneously to a bank, a small loan company, a credit union and Sears Roebuck. If this is true, is it realistic to say that these organizations are competing with each other? I may buy an Oldsmobile and a Volkswagen; but if I had not decided to buy one large car and one small car, the chances are that I might have bought one medium sized car instead. There are ways in which competitors take business away from each other, but there are other ways in which they build business for each other.

We have often said that credit unions build business for the banks. We have said that credit union members are saving money that they would not otherwise save, and some of this goes out in the form of loans but some of it goes into the credit union's bank account. As a matter of fact, we could go further and point out that all of it eventually goes through the hands of a retailer, or doctor, or insurance agent, and then into a bank account somewhere. If anybody thinks that credit union money is somehow isolated from the rest of the money flow, and that credit unions are gradually draining money away from the banks, he is wrong. We do not sterilize money, we do not bury it, we do not hoard it.

It seems possible, judging by some of the remarks that have been made by some of the speakers at bankers' meetings, that what the commercial bankers really want is not a larger share of the consumer credit market but more deposits, which would then make it possible for them to expand their commercial loans. If this is the case, then what they are driving at is a method whereby commercial credit can be made a little easier and consumer credit a little tighter. But if they try to do this, then they may find themselves in a more vigorous battle than ever over dividends and interest rates on savings. There is nothing to stop savings and loan associations, so far as I know, from developing their own on-the-job services, and this in the long run might hurt the commercial banks more than we could.

Whatever mixed feelings we may have about this question of competition, we have to face the fact that we are being considered competition. We can explain our philosophy, we can make every effort to maximize our service to members, we can specialize in loans to people who are in trouble, we can avoid even using the word *competition*, but the fact that we are handling $5 billion of members' money will speak louder to outsiders than all of this.

There is no point in trying to per-

suade them that we are not competing with them. How much we are competing with them is a matter of degree; all we can do is to point out all the qualifying factors, all the ways in which we help the community, all the ways in which we do *not* compete, and then go on to say, "All right, what's wrong with competition?"

In August, in my capacity as president of the Credit Union National Association, I set up a committee to study this problem of increasing opposition. I have called it, for want of a better name, the Committee on Financial Information, and if anybody can suggest a better name I will be glad to receive your suggestion. It will work with the CUNA public relations department and its members include two from the CUNA executive committee, two from the CUNA Mutual board and one each from the CUNA Supply board and the International Association of Managing Directors. We have appropriated some money for the campaign which we expect our public relations department to develop, and both of our affiliates have contributed to the fund. We believe that we are involved in a problem that will take some time to solve, and CUNA is prepared to do everything it can at the national level.

However, I suggest to you that you are going to have to take similar steps at the state level. As we all know, working with state legislatures is often more difficult than working with Congress, and I think the time has come when many leagues are going to have to put new power into their legislative programs. This may mean adding to your staff; it may mean spending more money; it may mean asking for more dues.

But this is more than just a legislative problem. Perhaps the best answer to the problem might be a stepped-up organizing program, and I hope you will all be considering this possibility as you make your other plans. I hope you will also consider this as an educational program and bring your chapters as quickly as possible into the picture.

Obviously, it is an excellent indication of the mood of the credit union leadership that so many of you have come here to discuss this subject, and I think we can have perfect confidence in our ability to meet the challenge.

# NOW

**It's time to order your extra copies of the January Bridge.**

**As always, this issue will be specially edited for credit union members, for distribution at your annual meeting or however you like to handle it.**

**Like the highly successful issue last year, that was organized around the theme of financial counseling, this year's issue will compare sources of credit and available thrift programs—banks, savings and loans, loan companies, mutual funds, etc.**

**The deadline for orders is December 5. The price is 10 cents per copy in quantities of 20 or more; otherwise 20 cents per copy.**

## LOAN OFFICERS

***Relieving the credit committee of routine loans gives it more time for problem cases***

(*Continued from page* 16)

has served for four years on Cessna's credit committee: "There are three reasons why our committee likes to operate with a loan officer. First, the service is so much quicker. That's mighty popular with our members. Second, the saving of time mounts up to a very substantial number of hours over the course of a year. And, in the third place, the loan officer has much more opportunity to be in actual touch with the individual member than our committee members have had or ever will have. This means that the member is now getting a much more personal service. He is also getting more counseling. And the danger that we might approve a loan which would be harmful to the member's interest is reduced by the loan officer's *direct* contact with the member."

• **Moundridge, Co-op** Federal Credit Union, Moundridge, Kansas. "We appointed our credit committee's secretary as loan officer last January," reports Walter Goering, Moundridge's treasurer since 1951. "At that time we had assets of $514,210. Our loan officer can approve loans up to $750 without security. He also has authority to grant all loans made against shares, regardless of the amount."

During the first six months of Moundridge's loan officer service, the group's delinquent loans went down from 2.5 percent to 2.4 percent. In the same period, Moundridge's loan-share ratio rose from 120 percent to 123 percent.

Comments treasurer Goering, "In my estimate, our growth has been influenced by our loan officer. He approves about 40 percent of our loans. This makes it possible for us to give faster service to our members. And



William B. Wanlace reports a helpful exchange of information with the bank.



Calvin Murphy says the bank and the credit union send each other loan applicants.



John A. Gochenour uses 90-bank loans to supplement credit union funds.

our loan officer has not hurt our delinquencies and loan-share ratio. The exact opposite is true. That's quite clearly evident from our statistics, which have improved during this period."

• **Kaneb Employees** Credit Union, El Dorado, Kansas. Organized in 1951, this group serves the employees of Kaneb Pipeline Company. It appointed its treasurer as loan officer in October, 1959. At that time the group's assets were $54,861.89.

Kaneb's loan officer has authority to approve unsecured loans up to $500 and larger loans which are fully secured by unpledged shares. These two categories include 40 percent of the group's total loan volume.

Since putting its loan officer service into effect, Kaneb's loan-share ratio has gone up from 122.1 percent to 124.6 percent and its delinquencies have gone down from 4 percent to ¾ of 1 percent. During the same nine-month period, the group's shares have grown by 9 percent.

"Our members know that they can count on quick approval of their loans," says a Kaneb board member. "This encourages them to make better use of all our services."

Comments Lucille Callaway, Kaneb's treasurer since organization, "One of the major advantages of our loan officer service is that it permits a better representation of the membership on our credit committee. Formerly it was necessary to limit our appointments to persons who worked in or near our home office. Now we are able to select members who are located at our other plants, one of which is fifteen miles distant from our office. The members located at these outlying plants work in three shifts. Each of these shifts can now be represented on our committee."

• **Wichita City Teachers** Credit Union, Wichita, Kansas, was organized in 1935. It created the office of loan officer at a special membership meeting during July, 1959. The credit committee immediately appointed the group's assistant treasurer to this position, authorizing him to approve unsecured loans up to $500 as well as share-secured loans in any amount. At that time Wichita City Teachers had assets of $2,150,784.10, and a loan-share ratio of 90.42 percent.

During the loan officer's first year of service, he approved some 200 loans monthly. These loans included about 50 percent of the amount and 65 percent of the number of the group's total loans.

At the end of this one-year period, Wichita City Teachers' delinquencies had dropped from 2.07 percent to 1.79 percent and its loan-share ratio had risen from 90.4 percent to 98.8 percent.

Appointment of a loan officer has reduced the credit committee's work time by one-third, reports assistant treasurer Herbert Stucky. "Formerly our committee spent three hours each week going over applications and approving them. Today the committee is able to do all of its weekly work in two hours. And because the commitee has now more time for large and doubtful loans, it has been able to make an important contribution in bringing our delinquencies down. Indirectly, this improvement can be credited to our loan officer by-law."

Stucky would like to see the loan officer's statutory authority broadened. He believes that this can be done readily without jeopardizing the credit union's safety. Says he: We would prefer to eliminate the statutory limit of the loan officer's authority. But the individual credit union's loan limits should be determined by the board, the membership or the credit committee. Never by the loan officer himself."

• **K.C. NFFE** Credit Union, Kansas City, Missouri, serves the federal employees in the Greater Kansas City area since 1948. It appointed its treasurer as loan officer in October, 1959, when the group's assets stood at $2.8 million, its loan-share ratio at 98.37 percent and its delinquencies at 8/10 of 1 percent.

The group's loan officer has authority to approve loans up to $2,500 for members with established loan records and up to $1,000 for new members. Board action limits signature loans to $300. But the loan officer may accept co-makers, unassigned shares and chattels as collateral.

NFFE's loan officer approves some 475 loans each month. This constitutes from 90 percent to 95 percent of the group's total loans. At least 50 percent of these loans are secured by collateral.

Says NFFE's Wyla M. Pinkerton, the group's treasurer since 1949: "Our credit committee used to meet

twice each week for 1½ to 2 hours, or a total of 3 to 4 hours weekly. Today the committee meets once each week. And the weekly meetings rarely exceed 1½ hours. This means that our committeemen are now able to do their work in less than half the time needed before we had a loan officer."

During NFFE's first nine months with a loan officer, the group's loan-share ratio rose to 99.72 percent. And its delinquencies dropped to ½ percent.

"Members like to have their money when they apply for it," Mrs. Pinkerton points out. "Having to wait for their loan checks makes them impatient and unhappy. Our members are much more satisfied since we are able to serve them immediately."

NFFE finds that having a loan officer greatly facilitates the work of the office staff. Formerly the credit union had to process all of its loans at the same time. Now it handles each application as it reaches the office. This equalizes the staff's work load, assures better overall performance and saves the cost of overtime pay.

• **The loan officer's authority** varies substantially under federal, state and provincial statutes. In some areas—such as Missouri, Minnesota and Illinois—the credit committee may delegate "authority . . . to act on all or some applications for loans and approve them, reporting thereon to the credit committee within fifteen days."

Other statutes are more restrictive. Kansas, for example, limits the loan officer's authority to loans up to the unsecured limit, or in excess of this amount if the excess is fully secured by unpledged shares. Kansas loan officers must furnish their credit committees with a record of all of their actions within seven days. This includes a report on all disapproved loans, which must be referred to the committeemen for direct action.

The federal loan officer statute is very similar to that of Kansas. But there is one major difference between the two: In federal credit unions the loan officer must be a person other than the disbursing officer; while under Kansas law, the loan officer may be the treasurer or an assistant treasurer.

Only one of the six surveyed groups finds that its credit committee members are less interested in their duties since the loan officer relieved them of a part of their work. The other five groups report continuing and increased interest of the committeemen. None of the six groups has had a resignation from its credit committee since appointing its loan officer.

### Supervision

How do credit committees supervise the work of their loan officer? Their techniques vary, the survey shows. In some cases, the committee issues a set of written rules to guide the loan officer. But more frequently, the committeemen limit their instruction to oral suggestions. Says one committeeman: "If we did not have full confidence in the judgment of our loan officer, we would not have appointed him. We feel that detailed rules and regulations would only have the effect of hamstringing him. That would reduce his usefulness and decrease the effectiveness of our loan officer service."

Some committees review and sign every application approved by the loan officer. But in most groups, the loan officer submits a daily, weekly or semi-monthly summary sheet, listing all actions taken by him.

The committeemen then review these summary sheets. Whenever they wish to know more about a particular application, the loan officer furnishes them with either an oral report or the member's complete file. In most groups, each committeeman either initials or signs the loan officer's summary report.



Frank Clark says the story of world-wide development of credit unions makes a good impression.

Says a veteran credit committeeman: "The mere fact that we have given our loan officer the authority to grant signature loans up to $750 does not mean that he will give this amount to every member without security. We have several members whose applications our loan officer refers directly to the committee, regardless how small the amount—because our past experience with them has been unfavorable.

"But these cases are the exception. At the opposite extreme are the hundreds of members who have been benefitted by the fast loan service which we are now able to give. Our loan officer has made many friends for our credit union."

---

# USING THE BANK

**There are many things about a credit union that have to be explained in face-to-face conference**

(*Continued from page* 3)

activity as a great convenience and service to the bank because it effectively relieves congestion of the bank's facilities on those days."

• **Investment advice.** Most banks are glad to make their investment experts available to credit unions free of charge. All that the credit union needs to do is to inform the banker of the amount and duration of the desired investment. The bank then works out an investment schedule which will yield the largest profit for the credit union.

• **Bond purchases.** Banks can purchase government bonds and treasury bills for credit unions in small or large amounts. It is usually worthwhile to invest idle funds when they are not needed for several days.

• **Safekeeping of securities.** Holding securities on receipt, as collateral, in a trust account or in a safe deposit box are bank services which are available to all credit unions. Charges for these services may be determined by the amount, value, type and turnover of the securities, as well as the length

of time they are held in the bank's custody.

• **Currency supply.** Furnishing change to their customers is a service which all banks provide.

• **Credit information.** Some banks exchange credit information with their credit union customers. Says treasurer William B. Wanlace of Statesman Federal Credit Union in Boise, Idaho, a newspaper group: "We have called several dozen times on our banker to help us. Usually our requests have been for credit information about members who had not borrowed from us before. Our banker has always been glad to furnish us with the information we needed. He has never charged us for this service."

• **Local economic advice.** Veteran treasurer Paul L. Moore of Kentucky reports that his bank president is always willing to offer free information concerning the area's economic outlook. Comments Moore: "We find this type of service quite useful. It helps us to anticipate our members' loan needs."

• **Car title transfer.** In out-of-town repossessions, banks can serve as title transfer agents. Their charge for this service is a flat fee for each item.

• **Checking account deduction.** Only one of the surveyed groups makes use of this service. It has an identical arrangement with two local banks to deduct funds monthly from the members' checking accounts and transfer these amounts to the credit union's checking account. The credit union does not pay for this service, but the member is charged for each transaction as if he had issued a check. "This savings device has boosted our overall savings very significantly during the past two years," says Patricia Spilman, treasurer of Cee Kay Federal Credit Union, a parish group in Richland, Washington. "It gives us a steady inflow of cash and improves our lending position substantially. I wish we had thought of this thrift device a long time ago."

Recalls Cee Kay's former treasurer Philip J. Longo, who established the group's checking account deduction program two years ago: "I demonstrated to each of our local banks that it would do itself a favor by consenting to a monthly deduction plan. And I suggested that the arrangement would result in increased use of both banks' checking account service and would at the same time serve as a useful public relations tool by helping their customers to put their money where they wanted it."

**Explaining the credit union**

The best way to explain the credit union to a banker is to explain it, the interviewed treasurers say. This can be done by providing a guided tour of the credit union; visiting the banker at his office; inviting him to credit union annual meetings, Credit Union Day celebrations and chapter meetings. The important thing is to give the banker the opportunity to get an authoritative, first-hand explanation. Nothing is more futile than to assume that the banker fully understands the credit union's true purpose and method of operation. Most bankers are interested in learning the facts, but it is up to the credit union to take the initiative.

Here are some of the ways these credit unions have gone about explaining themselves:

• **Cee Kay Federal Credit Union,** Richland, Washington, serves the members of Christ the King parish and the members of the local chapter of Knights of Columbus. The group was organized in 1950. At midyear its assets were $46,000.

This group's treasurer explained the credit union's purpose to both local bankers when requesting a checking account deduction arrangement. Both banks showed great interest.

Suggests Cee Kay's Patricia Spilman: "We believe in the direct approach. That's why we recommend making an individual appointment with the banker to explain the credit union's true purpose and operation. During this meeting the most experienced officers should point out that the credit union serves the needs of those who normally would not have access to credit and that it makes larger loans only on those rare occasions when it has idle funds."

• **HAPO Federal Credit Union,** Richland, Washington, serves the hourly employees of the Hanford Atomic Products Operation of the General Electric Company. Organized in 1953, the group's assets at midyear had reached $1.3 million.

When applying for its first bank loan, this group took its banker on a tour of the credit union office. At that time it explained the credit union's operation in detail including its bookkeeping procedures, loan application processing and document preparation.

HAPO also invited one of its bank's installment loan officers to attend a statewide educational conference of the Washington Credit Union League conducted on a Saturday in Yakima, some 75 miles distant from Richland. Both the banker and his wife attended. Later HAPO received favorable comments from this installment loan officer concerning the manner in which the subject was presented at the meeting.

"When you have a problem, call on your banker for advice," HAPO manager Longo recommends. "Whether this be a loan problem or an investment problem, the banker can be helpful. Requests like these draw the credit union and bank closer together. They also create a better mutual understanding and appreciation. We consider the establishment and maintenance of such a relationship highly desirable."

• **Kaneb Employees Credit Union,** El Dorado, Kansas, serves the employees of Kaneb Pipeline Company, and their families. The group was organized in 1954. At midyear its assets were $60,000.

Lucille M. Callaway, Kaneb's treasurer, says: "We explained the purpose of our credit union to our present banker when we accepted his offer to borrow at his bank. We also provided him with a copy of our by-laws. Our banker's reaction to our interview was very favorable."

• **M.S.U. Federal Credit Union,** Missoula, Montana, serves the employees of Montana State University in Missoula and their families. The credit union was organized in 1954. Its assets at midyear were $103,000.

"An important element in maintaining good credit union-banker relationships is an open and cooperative attitude on the part of the credit unions," M.S.U. treasurer Calvin L. Murphy points out. "Credit unions should always tell their members that they want them to borrow at the least expensive source. And if there is even a remote possibility that a member might be able to obtain a bank loan at a lower rate, the credit union should encourage the member to look into the bank's lending facilities. It seems to me that such an attitude is beneficial to the member, the credit union and the credit union-banker relationship. Once a banker realizes that there is no element of competition between the two organizations but merely a motive of service, then there is every reason to expect that the

banker will develop a friendly and cooperative attitude toward the credit union."

• **Paducah ICRR Federal Credit Union,** Paducah, Kentucky, serves the employees of the Illinois Central Railroad in Western Kentucky and Western Tennessee. The group was organized in 1939. On June 30, 1960, its assets had passed the $1 million mark.

Treasurer Paul L. Moore believes that the best way to make a friend of one's banker is to tell him about the credit union's purpose and operational procedure, pointing out that its services are available only to members of its own group and that it therefore does not compete with banks or anyone else. To prevent misunderstandings, Moore suggests that the credit union furnish the banker with a copy of its laws and bylaws.

"Our banker has missed only three of our twenty-one annual meetings," Moore reports. "It seems to me that the best way to get along with one's banker is to stick strictly to credit union business. That means staying away from activities which are not related to the credit union's purpose —such as discount arrangements with local merchants."

• **Potlatch No. 1 Federal Credit Union,** Lewiston, Idaho, serves the employees of Potlatch Forests, Inc. and their families. Organized in 1938, the group's assets had reached $1.8 million at midyear.

Making an appointment for the specific purpose of talking to one's banker about credit unions, is the recommendation of this Idaho group. Says assistant treasurer Frank Clark: "Determine first what the banker's logical interest and viewpoint would be. Then plan in detail the items which you wish to discuss. Show during the interview how many of the credit union's purposes coincide with that of the banker. And don't forget to explain that the local credit union is part of a world-wide self-help movement."

Potlatch keeps its banker informed concerning its own development and encourages him to learn as much as possible about the credit union movement. In 1959 the bank's manager was the speaker at Potlatch's annual meeting. His subject was "Thrift."

The contact with the banker was made by the credit union's president. Recalls treasurer-manager Maurice D. Fitzgerald: "Our banker was delighted to accept our invitation. He assured us that he sincerely appreciated the opportunity to talk to our members. And throughout his speech he demonstrated his deep interest in our credit union and its purposes."

Adds assistant treasurer Clark: "A year after attending our annual meeting, this bank manager became a charter member of a local church credit union."

In talking to members, credit union officers should avoid making derogatory remarks about banks, a Potlatch board member counsels. "It's a good idea to stress that there is no competition between credit unions and bankers, pointing out that each serves its own specific purpose and that both institutions are essential to the economic welfare of the community."

• **Raton Credit Union,** Raton, New Mexico, serves the residents of Raton and vicinity. The group was organized in 1946 and reorganized in 1951. Last June its assets were $187,000.

Manuel A. Garcia, Raton's treasurer since 1951, believes that an effective explanation of the credit union should include the presentation of the latest financial statement and a discussion of these five points: (1) purposes, (2) method of operation, (3) dividend rate, (4) bonding, and (5) free insurance coverage.

"When we made this explanation to our bank president several years ago," recalls treasurer Garcia, "he immediately expressed interest and requested permission to join the credit union. Recently our banker's successor also joined."

Comments Charles Di Lisio, president of International State Bank in Raton: "We feel flattered that Raton Credit Union has chosen to place its account with us rather than with the bank which is located next door to the credit union office."

### Chapter experiences

Here is what some chapters have done to develop better understanding and closer relationships between credit unions and banks:

• **Hellgate Chapter, Montana.** "We arranged to have vice-president Randolph Jacobs of the First National Bank of Missoula speak at one of our chapter meetings two years ago," reports Dr. L. G. Browman, past president of Hellgate Chapter and a former president of M.S.U. Federal Credit Union, Missoula, Montana. "Banker Jacobs' topic was 'The relationship of banks to credit unions.' Our relationship has always been friendly and cooperative. And no substantial change took place as a result of the banker's presentation. But at the end of our meeting the banker asked a series of questions about credit unions. Since our League's managing director was present, we were able to answer all of his inquiries."

Recalling that the banker agreed very readily to speak to the chapter, another officer of Hellgate Chapter says: "When we asked him to come, he said that he did not know very much about credit unions and would appreciate it if the chapter would send him literature. Both the chapter and the League sent various items. I feel certain that our guest speaker read all of this literature because he proved himself well-informed during his chapter address."

What was the banker's reaction to this contact with the organized credit union movement? "I learned something about credit unions," Jacobs told a Bridge reporter. "And I obtained a better idea about what they were doing and what they wanted to do. Particularly I found out that they are organized on a state and national level, which I had not known before."

Robert Clark, the chapter's new president, feels strongly about the need for more frequent local contacts between credit unions and bankers. Says he: "It seems to me that one of the best ways to promote and improve credit union-banker relationships is by inviting local bankers to attend chapter meetings, both as guests and as speakers. Lack of understanding of the credit unions' real purpose is probably the principal problem in the area of credit union-banker relationships today. Chapter meetings can do much to inform bankers, interest them in the credit union's purpose and obtain their cooperation."

• **Pocatello Chapter, Idaho.** Idaho's Pocatello Chapter has developed a program which assures a minimum of three contacts annually with the area's bankers. These contacts are at the annual Credit Union Day celebration and at the chapter's semiannual sponsors' luncheons.

For a number of years the chapter has invited representatives of all Pocatello banks to its Credit Union Day celebrations. Each year the bankers have expressed pleasure in accepting these invitations. Their

presence at these festive events has become a chapter tradition.

But the semi-annual sponsors' luncheons are a 1960 innovation. They are topically arranged into a consecutive series of four. Each luncheon lasts one hour, terminating punctually at 1:15 p.m.

"The objective of our luncheon meetings is to give our bosses a closer view of our credit unions," says John G. Hansen, the chapter's vice-president and treasurer of Bannock Steel Credit Union. "We also invite the principal officers of each of our local banks. During our first luncheon meeting, 19 of our chapter's 26 credit unions participated and each of our banks was represented. Total attendance was 69 persons."

Each of this series of luncheon meetings is dedicated to a specific topic. At the first meeting two speakers talked for ten minutes each about the history and early beginnings of the credit union movement. At the next semi-annual meeting the topic will be the state credit union league. At later meetings, the bosses and guests will hear brief speeches about the national credit union movement and the world-wide credit union activities.

"We are viewing the Pocatello sponsors' luncheons with a great deal of interest," comments Idaho League president Arnold Trappett. "If the entire two-year series proves to be as effective as the first meeting, our League may well recommend the series' adoption to our other six chapters. Our Pocatello Chapter was able to report a marked improvement in the community's understanding of credit unions as the result of the first meeting. And we have every reason to believe that, as the remaining luncheons take place, the last doubts and uncertainties about our credit unions' purpose and operation will be completely cleared away."

### A word of caution

There are, however, a few points on which caution should be observed.

Much as a banker may know about banking and many other subjects, he is not likely to know more about credit union operation than he learns from credit union people. Any banker of good will can understand the credit union service motivation and respect it, but he is not likely to be able to offer much advice on how to implement it. If he is asked for operational advice in areas where the service motive should be applied, he may give advice based on banking experience, which could be the wrong advice for a credit union to take.

Credit union people should keep it clear in their own minds and in their conversations with their bankers how credit unions differ from banks. Credit unions operate differently from banks—for service, not for profit—and are justified in this by their excellent experience. There is no reason to feel any rivalry or hostility toward a bank, but there is no reason to feel overawed by a bank's atmosphere or experience.

---

# DESJARDINS

## It is hard to get low-income people to save, Desjardins said, but a credit union can do it

(*Continued from page* 12)

and try to sell it," he will never take such a share. We had, therefore, to remember that.

**Chairman.** Did you fix a limit to that capital at first?

**Mr. Desjardins.** No. There is no limit fixed, because the capital is variable.

**Mr. Sinclair.** Would they take it back without notice?

**Mr. Desjardins.** In the by-laws we stated that the notice was thirty days, to be exacted as a measure of safety. We have never exacted notice. Whenever someone called, we said, "Here is your money." It was the best way to create confidence. We are like the bank, we give the money whenever the people wish to have it.

You will see that the withdrawals of share capital have not amounted to very much after all. We have received $44,957.19 in shares. En passant, I may say that those shares have been fixed according to the financial position of our present and future members at $5. I would advise $2 shares, because the people feel somewhat proud in saying, "I have so many shares." Never mind the amount of shares. One share of $200 would not be the same thing as one hundred $2 shares. You must conform to the wishes of the members. There is no harm done, and it pleases them. I have studied a good deal that part of human nature, and I think it is the best way. There is no harm done and there is nothing to be lost.

Out of the $44,957 we have collected as share installment, we have paid back only $10,159.88 in six years, leaving a balance of $34,797.27. At first a great deal of movement had been gone through, but it is now getting steadier. Of course, at first the people had some confusion as to the idea of capital, and were making the mistake of paying in a little for shares which should have been paid in purely as savings, because they wanted it again to buy their winter provisions or pay the rent or something of that kind. When they wanted to do this, I told them not to take up shares, but to deposit a small savings outside the shares, and we now have $9,933.66 apart from the shares. We have received altogether $28,519.95, and we have paid back $18,586.29, leaving a balance, as I said, of $9,933. That is entirely savings apart from shares.

**Mr. Bourassa.** In the last six months?

**Mr. Desjardins.** No, that is in the whole period.

**Mr. Monk.** What was the amount of the loans you made during this period?

**Mr. Desjardins.** The total amount of the loans is $199,527.33, of which there has been repaid $167,610.05, leaving, in outstanding loans, well guaranteed, $31,917.28. Out of this almost $200,000 that we have loaned —and I hope I may be pardoned if I speak with a certain pride—we have never lost one cent.

**Mr. Sinclair.** What do you do with the surplus?

**Mr. Desjardins.** We had in hand $16,794.81; that money is put into the bank.

**Mr. Sinclair.** At three percent?

**Mr. Desjardins.** Yes . . .

**Mr. Smith.** Anyone receiving a loan must get someone to act as security?

**Mr. Desjardins.** They must have



## BURROUGHS ELECTRONIC ACCOUNTING MACHINES INCREASE TRIAL BALANCE ACCURACY 100%

**The scene:** The trim, modern offices of Detroit, Michigan's Telephone Employees Credit Union. **The job:** Serving 12,000 telephone employees, 9,000 of whom are on weekly payroll deduction. **The equipment:** Two Burroughs F-4224 Electronic Accounting Machines and a Burroughs Automatic Reader. **The results:** "In operation only three months, and already our Burroughs equipment has increased trial balance accuracy 100%," says Manager Henry W. Warren. "Based on investigation before we bought and judging from results so far, we're certain of substantial time and money savings, too. For example, we're predicting a 50% drop in direct operating costs." Burroughs—TM



H. W. Warren L. B. Ebough

Why not put the advantages of Burroughs office automation equipment to work for your credit union, too? For details, action—and results—call our branch. Or write Burroughs Corporation, Detroit 32, Michigan.

**Burroughs Corporation**

*"NEW DIMENSIONS / in electronics and data processing systems"*

two endorsers, if required.

**Mr. Smith.** And those must be members of the society?

**Mr. Desjardins.** Members of the society as well.

**Mr. Sinclair.** What security do you take from the manager?

**Mr. Desjardins.** I am the manager of this particular association, and I have to give a bond with an insurance company for $3,000. Of course the council of administration could have exacted a higher bond, and the premium is paid by the association itself.

**Mr. Bourassa.** What is the average yearly expenditure?

**Mr. Desjardins.** Well, that is a very delicate point you are now touching upon.

**Chairman.** Of course, it depends upon circumstances?

**Mr. Desjardins.** As I stated, I have started the association and I understood that it was of the greatest interest to make it a success, that the money should be kept always ready and whatever would be the outcome of it, we ought to be in a position to take the money out of the till and give it back to those who ask us for it.

I thought it also my first duty, as I had no law to protect me, to be very careful about expenses. I took upon myself to do the whole work of the association without indemnity or salary. The office was kept in my own house, the bookkeeping was done by myself, and whenever I was absent from town, by one of my family.

All the members used to come to my place for the payment of their installments or shares, or to do any other transaction they had with the society. That is the explanation why the expenses have been so low. My every desire was to create a reserve fund as rapidly as possible in order to be prepared against any possible mishap, damage or injury that might have happened, and we have succeeded because our reserve fund amounts to $3,341. That explains the fact that the whole of the expenses during the six years of operation have only been $543.57, including printing.

**Chairman.** How much?

**Mr. Desjardins.** $543.57. You may tell me perhaps that we cannot expect everybody to do the same amount of personal work in order to make the saving.

**Chairman.** No.

**Mr. Desjardins.** Surely not. But I was laboring under very peculiar circumstances. We were the pioneers in that kind of institution and upon the devotion and zeal which we displayed depended the success of it. The only successful associations at the time I could point to were those in Europe, and people could tell me they are so far away that we cannot go there to see by ourselves. We can succeed better when one in this country is established and we can point out that one and say, "You can go there and find out for yourself whether it can be as successful in your locality as it has been in Levis."

**Chairman.** How many shareholders have you in that society at Levis?

**Mr. Desjardins.** About 900. I say about, because people are going in and out. . . .

**Chairman.** How did you organize it at first? There is of course a board of directors.

**Mr. Desjardins.** When the shareholders had subscribed shares, we made the best choice we could. Then we had a general meeting, and at that general meeting the board of administration, composed of nine members, was elected by the shareholders. Another committee, called the Commission de Credit, or Credit Commission, a special body to deal only with loans, was appointed by the general meeting as well, and then a third body, the Commission of Surveillance, or you might say auditors, were appointed, not by the board, but by the general meeting, by the shareholders themselves.

**Chairman.** So you have three distinct boards?

**Mr. Desjardins.** Exactly. The auditors are really the general meeting sitting en permanence alongside the officers they have chosen, and the board have no control over them. They can tell the board, "You can do this or that if you dare; but if you do, we shall suspend operations for the time being and report to the general meeting." They have the right to inspect the books day and night and go to them when they please. In my own experience I can say that they have always done their duty. They would tell me: "Mr. Desjardins, we want to see your cash." "There you have everything, here is the cash book, the bank book, the loan book, and make the addition and see whether it is correct or not."

**Mr. Bourassa.** So that that board which has the responsibility to the shareholders of looking after the good administration, is not at all under the authority of the credit board?

**Mr. Desjardins.** Not at all. It has more authority than the board of administration and more authority than the board of credit.

**Chairman.** It is a striking difference between the general by-laws that are made by banking institutions where the auditors are selected by the board of directors without referring to the shareholders.

**Mr. Monk.** These institutions on the whole are much more democratic.

**Chairman.** How many members are there on each board?

**Mr. Desjardins.** On the board of administration there are nine, on the commission of credit there are four, elected directly by the general meeting, while the chairman of the association is a member ex officio, and then the auditors or supervisors number three.

**Mr. Sinclair.** Do they get any money?

**Mr. Desjardins.** No. It is desired that no officer get remuneration except the manager.

**Chairman.** By whom is the selection of the general manager made?

**Mr. Desjardins.** By the board of administrators.

**Mr. Monk.** From what experience you have had in those six years in Levis, do you think it is possible to find in our provinces sufficient men capable of filling positions such as those you have indicated in localities similar to yours? You have a board of administrators, you have commissaires and you have a board of censors or auditors. Now, in towns like St. Hyacinthe or Three Rivers and similar localities, would there not be some difficulty in finding capable men to fill positions of that kind in similar organizations?

**Mr. Desjardins.** It is a matter of education. It will require perhaps a good deal of propaganda before we convince people who are accustomed to work for money to undertake such duties, but on the other hand there are competent men enough and devoted citizens enough to fill those places anywhere. It is a fact that our municipal as well as school organizations in the province of Quebec have been working admirably for the last fifty years. We have found the material for that administration which is a very complicated one, a very useful one, and at the same time a very

# The CUNA INSURANCE SERVICES DEPARTMENT performs three functions–



| | |
|---|---|
| **RESEARCH** | To study the various types of casualty insurances which could affect Leagues or credit unions. |
| **PROCUREMENT** | To provide coverage where possible in the areas considered necessary and desirable.<br>To act as liaison between CUNA, the Leagues, supervisory agencies and the carrier. |
| **ADVISORY** | To counsel with Leagues and credit unions on insurance problems arising from their regulatory and corporate liability requirements. |

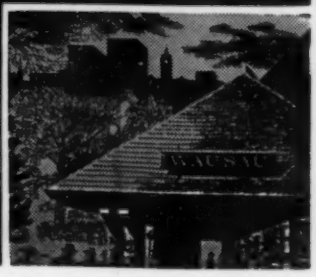
**THESE ARE THE SERVICES AVAILABLE NOW THROUGH THE CUNA INSURANCE SERVICES DEPARTMENT:**

- CUNA Bonding Service
- 576 Credit Union Blanket Bond
- Auto Insurance
- Group Accident Insurance
- Chattel Lien Non-Filing Insurance
- General and Comprehensive Liability Insurance
- Travel Accident Insurance
- Workmen's Compensation Insurance

## CUNA *Insurance* SERVICES DEPARTMENT

MADISON, WIS. • HAMILTON, ONT.

*UNDERWRITTEN BY EMPLOYERS MUTUALS OF WAUSAU*



responsible one, but we have municipal councillors handling thousands, perhaps millions of dollars a year, without a cent of indemnity. . .

**Mr. Smith.** All voluntary service?

**Mr. Desjardins.** Of course. . .

**Mr. Bourassa.** Don't you think we might go into the question and ask Mr. Desjardins in what way the money gathered by the society is employed?

**Mr. Desjardins.** The amount of money that a member has in the society has a very restricted bearing upon his credit. We consider first the conditions on which he is to pay and his intention of paying the installment. It is, as I stated, the honesty of the individual that is considered, his savings or assets are not the first consideration. For instance, if one of you gentlemen came for a loan of $300, the application will come before the board of credit, who will decide whether or not to make the loan. But first of all, the general meeting fixed annually the amount to be loaned to any one individual, be it $300 or $500.

**Chairman.** I don't quite catch the point. Do you say that each application comes before the general meeting?

**Mr. Desjardins.** No, the maximum amount of a loan to any one individual is fixed by the general meeting. . .

**Chairman.** Why is a limit put upon the amount of a loan?

**Mr. Desjardins.** It is to prevent the centralization of the funds in the hands of one or two. You must not forget that everybody in the association has the right to obtain a loan provided he gives good security, and if you loan all the money to one or two individuals, that limits the power of the society to help other members during the year. We consider that it is better for the society that small loans should be made, and we prefer them to larger loans. Suppose the manager of such a bank had ten individuals coming to him and saying, we should like a loan of ten dollars; that would mean $100. But suppose the eleventh came and said he would like a loan of $100, it would be better for the society, if it had to choose, to make the loan of ten dollars to ten individuals than to loan $100 to one individual.

**Chairman.** The smaller the amount—

**Mr. Desjardins.** The larger the number of people benefited. . .

**Mr. Smith.** What is the amount of interest on deposits?

**Mr. Desjardins.** Well, we have not dared to go further than three percent.

**Mr. Smith.** Equal to the average banks?

**Mr. Desjardins.** Yes.

**Mr. Monk.** Suppose a carpenter or a blacksmih wanting to purchase tools for his trade comes to you and wants $40 or $50. As a rule do you require endorsers?

**Mr. Desjardins.** Often we would not, because if a man is honest we should know it. . .

**Mr. Monk.** Suppose a seamstress wanted to buy a sewing machine, would you rely on your knowledge of her honesty and means?

**Mr. Desjardins.** Yes, and if we have not received a reference of a good character of the candidate then we don't like to put somebody in trouble, and we would say, "We cannot do it unless a member well known to the board is willing or insists on becoming security."

**Chairman.** Before you go on with your explanations, do the banks in the locality where you reside advance such small sums even on endorsed notes? Suppose a seamstress, as Mr. Monk was saying, wanted to buy a sewing machine, could she go to the Banque Nationale or the Bank of British North America for a small loan of $20 or $25? In your experience have these banks made loans of such small amounts?

**Mr. Desjardins.** Never; they do for amounts of $25 or $50, but they charge the same amount of interest as for a loan of $100. That is what I have been told often. . .

Mr. Monk was supposing just now a laborer coming to the society and asking a loan of $30 to buy tools. In the ordinary banks a loan may be made for three or even four months, and then at the end of four months the borrower will have to pay at least fifty percent of the loan. He may, perhaps, have a chance of renewing for two months, but at the end of the two months it must be paid in full.

Some borrower will come to us and borrow $50 and will reimburse that $50 as he wishes. I wish to make that point very clear because it seems a very wide authority to give to the borrower. He makes his own conditions and says he will reimburse $3, $4 a month and so on. If these conditions are accepted, we generally hold him close to his engagement; you have promised to give that sum and you shall give it, according to your own conditions.

**Mr. Smith.** According to the man's own conditions.

**Mr. Desjardins.** Yes. Now take the question of interest. While charging an interest for the whole time, we grant the borrower as much interest on his reimbursements as he pays.

**Mr. Smith.** So that he is encouraged to pay it off as quickly as possible?

**Mr. Desjardins.** Yes. The quicker he pays, the better it is for himself.

A loan which comes to my mind is this one. Last spring two young men, brothers, one an employee in a shoe factory, another a carpenter, came to me and said, "We are offered a great advantage. We are considering buying a house at very easy conditions. We hope one day or another to marry and settle down; we would like to be alongside one another, and this house is divided into two lodgings that would suit us. The only difficulty in the whole situation is that we have not the $200 that the vendor asks us as a cash payment on the purchase price, so we come to you and ask if the society will be ready to loan us $200. We have no real security to give, the house standing as security for the seller. We cannot offer you anything but our good reputation, and perhaps our mother may come in and give her signature for us as well."

"Well," I said, "I will submit the question to the board of credit; come tomorrow and I will let you know the answer."

The next day the question was submitted to the board and agreed to unanimously, and that is a point to which I wish to draw your attention. The board must be unanimous on every loan. If one says "No," the loan is not made. The board in this case was as usual unanimous, and the loan was made. I said to the young men, "Here are the $200," the conditions of reimbursement fixed being $20 a month, or ten months in all.

**Chairman.** You can accept partial reimbursements?

**Mr. Desjardins.** Yes, that is a great advantage to the borrower. I have had reimbursements of fifty cents a week of a sum of $20. But to return to the case I was speaking of, the loan was made, the house was bought, the house is now paying itself by the rent, and the $200 were re-

imbursed in less than eight months. The young men were so completely pleased and so hopeful that they worked almost day and night to clear that off. . .

**Mr. Monk.** Is it not a fact that there is a great deal more usury than people think, and that one of the effects of these institutions is to stamp it out effectually? Has that not been the result of your observation everywhere?

**Mr. Desjardins.** Everywhere. . .

## COUNSELING

(*Continued from page 8*)

program.

Next, a list should be made up of agencies in the area that give non-financial counseling service, and we can help with this. These agencies are useful both as a source of speaker-teachers and as a place to refer members whose problems are not essentially financial in nature.

**Q. Do you think all leagues and chapters should get into this? Do you think all credit unions are likely to go into counseling?**

A. Well, of course, they'll have to make their own decisions about that. My own feeling about this is that the need is great, therefore the pressure is great. It seems to me in the long run the difference between us and other credit sources may be the quality of our counseling. We have a built-in advantage, in the sense that we're not under pressure to give advice that will keep a man in debt.

Counseling is a greater service to the member, in the long run, than simply making credit available or making thrift service available. Counseling will be the determining factor, in many cases, whether the member uses a credit service well or lets it use him.

Beyond that, it seems to me that an effective counseling service also means stronger credit unions. It will build membership, it will make the members more conscious that they *are* members, it will build the use of the credit service and make the share accounts more active.

The widespread interest in this subject throughout the movement indicates to me that counseling is going to develop tremendously in the next few years.

### COMING EVENTS

October 7-9—**First and Second District** meeting, Banff, Alberta.


**DESK CALENDARS OF SCULPTURED METAL ESPECIALLY DESIGNED FOR CREDIT UNIONS**

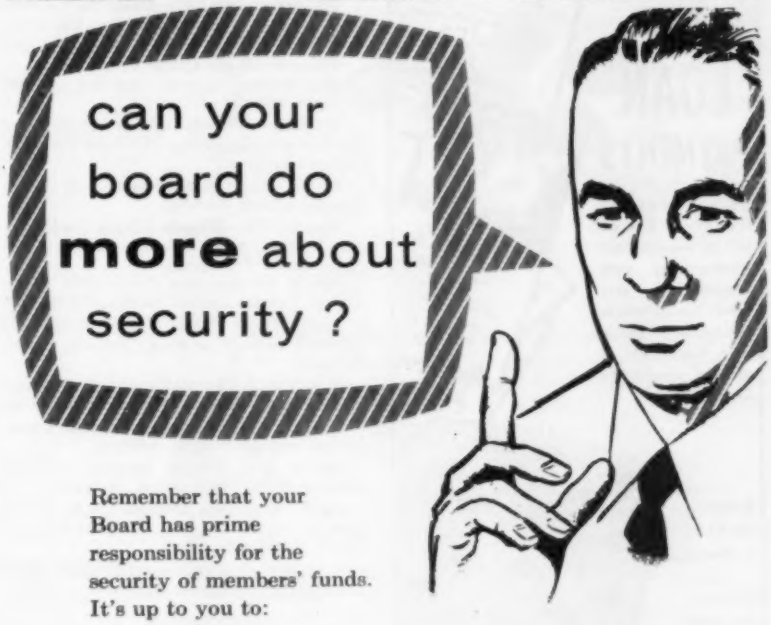



***Low Cost Promotional Item Now Being Prepared for 1961***

Here is America's greatest advertising value. A desk calendar of sculptured metal that gives you the soundest investment in public relations and good will. It has a 3 mos.-at-a-glance calendar pad, adjustable easel, and 12 mos.-at-a-glance under pad. Imprinted with your name, address, phone number, slogan and trademark of your choice. A lasting reminder of credit union benefits, savings and low cost borrowing. Lasts all year at one modest cost. **FREE:** 5 color genuine Currier & Ives greeting cards and mailing envelopes while our supply lasts. Write for free sample and prices.

**GETTIER-MONTANYE, INC.**
Direct Appeal Advertising
Glynden, Maryland






Remember that your Board has prime responsibility for the security of members' funds. It's up to you to:

- Review carefully all reports from the Supervisory Committee.
- See that all books and records are kept current, and that proper monthly statements are prepared.
- Follow the experienced advice of your league regarding good operating practices.

Your credit union can secure bond coverage with a maximum limit equal to the total assets of the credit union, not in excess of $1,000,000 (or $2,000,000 optional bond coverage if total assets are $1,000,001 or more). Compare this with your present bonding protection, and request complete details now.

**WRITE FOR 576 BONDING FOLDER**

ISSUED AND UNDERWRITTEN BY

**CUNA Insurance Services**
***BONDING***
MADISON, WISCONSIN · HAMILTON, ONTARIO

# YOU NEED Handford Brown COIN CARDS!




FOR SAVINGS! FOR LOAN PAYMENTS

Coin Cards by Handford Brown will encourage your members to save regularly . . . pay loan installments promptly! These Coin Cards are a proven credit to Credit Unions!



Holders for $3.00 in dimes!

Holders for $5.00 in quarters!

Write for attractive samples and low prices today! We will gladly design a special Coin Card to meet your specific requirements! Phone or mail coupon now!

**MAIL THIS COUPON NOW!**

HANDFORD BROWN CO., INC.
Dept. CUB 10-60
Coytesville, New Jersey

Gentlemen:

Please send me further information on your "Coin Cards".

NAME.....

ADDRESS.....

CITY.....STATE.....

**HANDFORD BROWN CO.**
INCORPORATED
COYTESVILLE • NEW JERSEY
WINDSOR 4-0454


October 20-21—**Fiji** Credit Union League annual meeting, Naweni Village, Vanua Levu Island.

October 28-29—**Kentucky** Credit Union League annual meeting, Sheraton-Seelbach Hotel, Louisville.

October 29—**Maine** Credit Union League annual meeting, Eastland Hotel, Portland.

Nov. 9-12—**CUNA and affiliates'** quarterly meetings, O'Hare Motel, Chicago, Illinois. November 10, 10 a.m., **CUNA Supply Executive Committee.** November 11, 9 a.m., **CUNA Mutual Board.** November 12, 9 a.m., **CUNA Executive Committee.**

November 17-20—**Missouri** Credit Union League annual meeting, Hotel Muehlebach, Kansas City.

December 2-4—**California** Credit Union League annual meeting, Fairmont Hotel, San Francisco.

January 28-29, 1961—**Utah** State Credit Union League annual meeting, University of Utah, Salt Lake City.

February 21-22—Credit Union League of **Saskatchewan** annual meeting, Shrine Temple, Regina.

March 3-4—**North Dakota** Credit Union League annual meeting, Memorial Building, Jamestown.

March 11—**Connecticut** Credit Union League annual meeting.

March 17-18—**Rhode Island** Credit Union League annual meeting, Sheraton-Biltmore Hotel, Providence.

March 19—**Jamaica** Cooperative Credit Union League annual meeting, Kingston.

March 23-25—Credit Union League of **Alberta** annual meeting, Palliser Hotel, Calgary.

March 23-25—**Texas** Credit Union League annual meeting, Statler-Hilton Hotel, Dallas.

March 24-25—**Mississippi** Credit Union League annual meeting, Jackson.

March 24-25—**Ninth District** meeting, DuPont Hotel, Wilmington, Delaware.

April 7-9—**South Dakota** Credit Union League annual meeting, Sheraton-Johnson Hotel, Rapid City.

April 6-9—**Kansas** Credit Union League annual meeting, Towne House Hotel, Kansas City.

April 7-8—**Illinois** Credit Union League annual meeting, Hotel Sherman, Chicago.

April 7-8—**Washington** Credit Union League annual meeting, Olympic Hotel, Seattle.

April 7-8—**West Virginia** Credit Union League—Hotel Daniel Boone, Charleston.

April 13-15—**Virginia** Credit Union League annual meeting, Hotel John Marshall, Richmond.

April 13-16—**Pennsylvania** Credit Union League annual meeting, Penn Sheraton Hotel, Pittsburgh.

April 14-15—**Georgia** Credit Union League annual meeting, Dinkler-Plaza Hotel, Atlanta.

April 14-15—**Iowa** Credit Union League annual meeting, Savery Hotel, Des Moines.

April 14-15—**Oregon** Credit Union League annual meeting, Eugene Hotel, Eugene.

April 14-16—**District of Columbia** Credit Union League annual meeting, Statler-Hilton Hotel, Washington.

April 14-16—**New Jersey** Credit Union League annual meeting, Ambassador Hotel, Atlantic City.

April 15—**Vermont** Credit Union League annual meeting, Burlington.

April 20-22—**Nebraska** Credit Union League annual meeting, City Auditorium, Alliance.

April 20-23—**Michigan** Credit Union League annual meeting, Statler-Hilton Hotel, Detroit.

April 20-23—**Ohio** Credit Union League annual meeting, Columbus.

April 21-23—**Hawaii** Credit Union League annual meeting, Baldwin High School, Wailuku, Maui.

April 21-22—**Tennessee** Credit Union League annual meeting, Hotel Patten, Chattanooga.

April 21-22—**Colorado** Credit Union League annual meeting, Adams State College, Alamosa.

April 21-22—**Minnesota** League of Credit Unions annual meeting, Kahler Hotel, Rochester.

April 22—**New Hampshire** Credit Union League annual meeting, Community Club, Berlin.

April 27-29—**Oklahoma** Credit Union League annual meeting, Biltmore Hotel, Oklahoma City.

April 28-29—**Idaho** Credit Union League, Shore Lodge, McCall.

April 28-30—**Louisiana** Credit Union League annual meeting, Buena Vista Hotel and Motel, Biloxi.

April 28-29—**Massachusetts** CUNA Association annual meeting, New Ocean House, Swampscott.

April 28-29—**North Carolina** Credit Union League annual meeting, George Vanderbilt Hotel, Asheville.

April 29—**Maryland** Credit Union League annual meeting, Lord Baltimore Hotel, Baltimore.

May 20-21—**Wyoming** Credit Union League, City-County Building, Casper.

May 26—**British Honduras** Credit Union League annual meeting, Belize.

June 16-17—**Alabama** Credit Union League, Admiral Semmes Hotel, Mobile.

September 15-16—**Wisconsin** Credit Union League, Schroeder Hotel, Milwaukee.

Oct. 1-3—**New South Wales** Credit Union League annual meeting, Sydney.

November 16-19—**Missouri** Credit Union League annual meeting, Sheraton-Jefferson Hotel, St. Louis.


**FREE** Double Duty DIAL-A-PEN by Regal

• Ball Point Pen • Metal Clip Fits Any Phone
• All Aluminum Dialer • Regular 50c value

FREE WITH ANY ORDER of $1.00 or more.

WHY PAY MORE? 14 SPARTAN Retractable Ball Pens only $1.00 p.p.

Unconditionally guaranteed writing performance.
(No Imprint. Special Sample Price.)

ADVERTISERS! Your Name on Regal Pens, as low as 6¾¢ each

| 100 | 250 | 500 | 1000 |
|---|---|---|---|
| 10¢ ea. | 8¢ ea. | 7½¢ ea. | 6¾¢ ea. |

(Min. order 100 pens) Write Dept. CR

REGAL SALES CO., 41 Union Sq., New York 3, N. Y.


## CLASSIFIED

**WANTED TO BORROW:** Federal credit union with assets over $1 million wants to borrow up to $165,000, from one or more sources. Will pay annual 4.5 percent, interest payable quarterly. Details, statements on request. Write Box A75, c/o Credit Union Bridge.

**FOR SALE:** Burroughs Semsi-omatic No. 200 accounting bookkeeping machine, set up on positive proof, cash business basis; allows immediate posting all transactions. 6 years old, good conditions, reasonable offer contact Elastic Stop Nut Employees Credit Union, 2330 Vauxhall Road, Union, N. J.

**POSITION WANTED:** Manager or assistant manager, six years credit union experience, available immediately. Theodore J. Barr, 6307 Rita Avenue, Huntington Park, Calif.

*make it the best meeting you ever had...*



TIME TO ORDER YOUR

# annual meeting supplies

Make certain that all your members know about the annual meeting, then keep them reminded. When the big day comes, make it a meeting they'll remember. Get all of the special items you need, including these brand new ones:




- **PROGRAM COVER (AM-40)** "Annual meeting" design is featured on the front and back of this two-color cover. Blank on the inside. Ideal for your program, annual statement, or menu. One fold, 5½ x 8½".

  100-499 .....$ 1.75C
  500-999..... 1.60C
  1000-4999..... 14.15M

- **CALL TO ANNUAL MEETING (AM-41)** Eye-catching annual meeting announcement. Two colors on one side, one color on the other; 8½ x 11". Use as self-mailer or enclosure.

  100-499.....$ 2.00C
  500-999..... 1.80C
  1000-4999..... 16.50M

- **POSTCARD REMINDER (AM-42)** A perfect follow-up announcement. Tells time, place, and date.

  100-499.....$ .70C
  500-999..... .60C
  1000-4999..... 5.00M

- **PLACE MAT (AM-43)** Create special interest at your dinner meeting. Features illustrations and biographical sketches of the founders of the credit union movement.

  100-499.....$ 2.50C
  500-999..... 2.00C
  1000-4999.....15.00M



**A WIDE VARIETY** of other aids, too. Order—or ask about—manuals, posters, badges, giant charts, place cards, and prizes.

KEEP YOUR MEMBERS REMINDED WITH

# 1961 pocket calendars

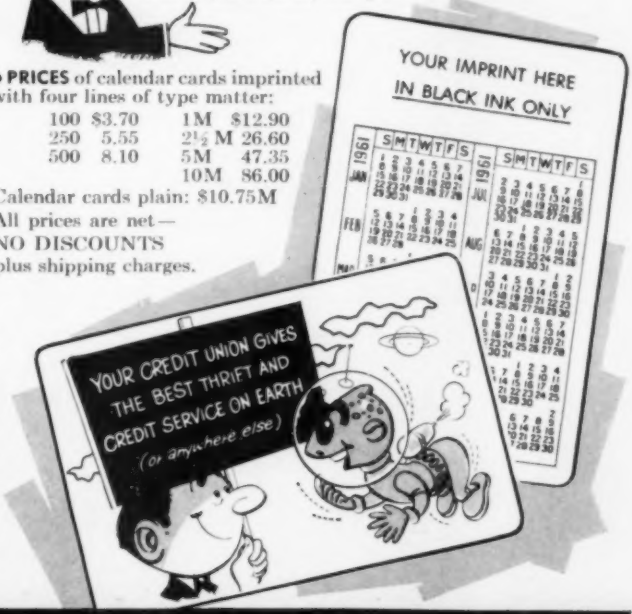
Practically everyone carries a pocket calendar—and when that calendar bears the name and address of your credit union, it's a strong reminder of the services you offer. The credit union pocket calendar for 1961 is attractively printed in two colors on durable playing card stock. Calendar numerals are in clear, easy-to-read type, and the credit union message is brief and to the point.

Decide on your imprint copy (4 lines maximum) and quantity now, then mail your order right away to avoid the rush. Allow four weeks for delivery. Enclose sample of previous imprinted calendar, if possible.

- **PRICES** of calendar cards imprinted with four lines of type matter:

| | | | |
|---|---|---|---|
| 100 | $3.70 | 1M | $12.90 |
| 250 | 5.55 | 2½ M | 26.60 |
| 500 | 8.10 | 5M | 47.35 |
| | | 10M | 86.00 |

Calendar cards plain: $10.75M
All prices are net—
NO DISCOUNTS
plus shipping charges.




Order from your league supply office or from...

**CUNA Supply Cooperative**
BOX 333, MADISON WIS. • BOX 800, HAMILTON, ONT.



# 100 YEARS OF HELPING

## INTERNATIONAL CREDIT UNION DAY OCTOBER 20th

The solid foundation of this great credit union idea is formed with 13,000,000 people, joined as one, who have unselfishly dedicated themselves to helping others. Let us reflect this October 20th and pay tribute to our forerunners for the helping hand they extended to their fellow man.

Let us pattern ourselves after them and let their inspiration give us the courage and endurance to follow their purpose.

CUNA MUTUAL INSURANCE SOCIETY

5910 Mineral Point Road, Madison, Wisconsin

430 Whitney Avenue, Hamilton, Ontario

1

0

7

8